



Offer Information Statement

Offer Information Statement (**OIS**) for a rights issue to Eligible Shareholders of one (1) New Share for every one (1) Existing Share held on the Record Date at an issue price of A\$0.03 per New Share (**Offer**). No securities will be issued on the basis of this OIS after the Expiry Date.

This OIS has been prepared in accordance with the requirements of the Corporations Act. Eligible Shareholders should read it in its entirety and seek professional investment advice before deciding to apply for Shares. This OIS is not a prospectus and as such, contains a lower level of disclosure requirements than a prospectus.

This OIS has been lodged with ASIC. ASIC takes no responsibility for the content of the statement. The securities offered by this OIS should be considered speculative.

The Offer opens on Monday, 15 July 2019 and closes at 5.00pm (AEST time) on Wednesday, 24 July 2019 (unless extended).

This document is dated 8 July 2019.

This Offer Information Statement is an important document and requires your immediate attention. It should be read in its entirety before you decide whether to participate in the Entitlement Offer. If you have any questions about any part of the Offer Information Statement you should consult your professional adviser.

**Viagold Capital Limited
ARBN 070 352 500**

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1.	Important information and notices	4
1.1	Information	4
1.2	Foreign Shareholders	4
1.3	Financial Information	4
1.4	Availability	4
1.5	Definitions	5
1.6	Privacy Act	5
1.7	No financial product advice	5
2.	Offer Overview	6
3.	The Company	8
3.1	Overview of the Company	8
3.2	Business	8
3.3	Assets	10
3.4	Recent Developments	10
3.5	Directors and Management Team	10
4.	Details of the Offer	11
4.1	The Offer	11
4.2	Foreign Shareholders	11
4.3	Withdrawal of Offer	12
4.4	Amounts payable under this Offer	12
4.5	No rights trading	12
4.6	Dilution	12
4.7	Timetable	12
4.8	Applications	13
4.9	Ranking of New Shares	13
4.10	No cooling off rights	13
4.11	Underwriting	13
4.12	Issue and allotment of Shares	13
4.13	Placement of Additional New Shares under the Shortfall Offer	13
4.14	Use of funds	13
4.15	Warrants	13
4.16	Capital structure	14
4.17	Directors' Interests and Participation	14
4.18	Effect of the Offer on control and voting power in the Company	15
5.	Investment Risks	16
5.1	Overview	16
5.2	Key general risks	16
5.3	Industry Risks	18
5.4	Economic and Other Risks	18
6.	Additional information	20
6.1	Rights attaching to Shares	20
6.2	Nominees and custodians	23
6.3	Taxation implications	23
6.4	Regular reporting and disclosure	23
6.5	Application Monies	23
6.6	Disclaimer	23

6.7	Financial amounts	24
6.8	Not investment advice or financial product advice	24
6.9	Annual financial report	24
6.10	Governing Law	24
7.	Summary of certain aspects of Bermudian law	25
7.1	Introduction	25
7.2	Summary of certain provisions of Bermudian law	25
7.3	Comparison of key differences between Corporations Act and Bermuda Companies Act	28
8.	Foreign jurisdictions	32
8.1	United States	32
8.2	New Zealand	32
9.	Required actions by Eligible Shareholders	34
9.1	Eligible Shareholders	34
9.2	Subscribe for all or part of your Entitlement	34
9.3	Subscribe for all of your Entitlement and applying for Additional New Shares	34
9.4	Declining all or part of your Entitlement	34
9.5	Payment methods	35
9.6	Return of Entitlement and Acceptance Form	36
9.7	Non Eligible Foreign Shareholders	36
9.8	Warranties made on acceptance of the Offer	36
9.9	Refunds	39
9.10	Withdrawals	39
9.11	Confirmation of your Application and managing your holding	39
10.	Consents	40
10.1	Consents	40
10.2	Legal adviser's consent	40
10.3	Auditor's consent	40
10.4	Share Registry consent	40
10.5	Directors' responsibility statement and consent	40
11.	Glossary	41
12.	Corporate Directory	43
	Appendix 1 – Financial Report	44

1. Important information and notices

1.1 Information

This OIS is dated 8 July 2019 and has been lodged with ASIC. Neither ASIC nor ASX take any responsibility for the contents of this OIS or the merits of the investments to which the OIS relates. This OIS is issued under Part 6D.2 of the Corporations Act.

This OIS contains an Offer to Eligible Shareholders as the Record Date in Australian and New Zealand to subscribe for New Shares in the Company. This document is not a prospectus and the content requirements for an OIS (set out in section 715 of the Corporations Act) are less onerous than that are required for a prospectus. It does not contain all the information which would be found in a prospectus or which may be required to make an investment decision regarding, or about the rights attaching to, the New Shares offered by this OIS.

Eligible Shareholders should read this OIS in its entirety before deciding to invest in the Company and obtain professional investment advice before acting on the Offer. This Offer does not take into account the investment objectives, personal circumstances (including financial and taxation issues) and the particular needs of Eligible Shareholders. An investment in the Company should be considered speculative.

No Applications for New Shares will be accepted nor will New Shares be issued on the basis of this OIS later than the Expiry Date.

No person is authorised to give any information or to make any representation, in connection with the Offer, other than that which is contained in this OIS or disclosed by the Company pursuant to its continuous disclosure obligations. Any information or representation not contained in this OIS or disclosed by the Company pursuant to its continuous disclosure obligations may not be relied on as having been authorised by the Company or any other person in connection with the Offer. The Company is not liable for this OIS, or in respect of the Offer, except to the extent required by law.

1.2 Foreign Shareholders

This Offer has been prepared having regard to the Australian disclosure requirements. It does not constitute an offer or invitation in any place in which, or to any person to whom, it would not be lawful to make such an offer.

This Offer is not being extended and New Shares will not be issued to Non Eligible Foreign Shareholders. Eligible Shareholders in the People's Republic of China, Hong Kong and Macau will be able to participate in the offer only if they are able comply with local security laws in those jurisdictions. It is not practicable for the Company to comply with the securities laws of such other overseas jurisdictions (other than those mentioned above) having regard to the number of overseas Shareholders, the number and value of New Shares these Shareholders would have been offered and the cost of complying with regulatory requirements in each relevant jurisdiction.

Shareholders residing in Australia or New Zealand holding Existing Shares on behalf of persons who are residing overseas are responsible for ensuring that taking up an Entitlement under the Offer does not breach regulations in the relevant overseas jurisdiction. The return of a duly completed Entitlement and Acceptance Form will be taken by the Company to constitute a representation that there has been no breach of those regulations.

1.3 Financial Information

All financial amounts shown in the OIS are expressed in Australian dollars, unless stated otherwise.

1.4 Availability

Eligible Shareholders can obtain a copy of this OIS during the Offer period on the Company's website at <https://viagoldoffer.thereachagency.com> or by contacting the Company. If you access an electronic copy of this OIS, you should ensure that you download and read the entire OIS. In particular, Eligible Shareholders should refer to Section 5 for the details of the risk factors that could affect the performance of the Company.

The electronic copy of this OIS available from the Company's website does not

include a personalised Entitlement and Acceptance Form. Eligible Shareholders will only be able to accept the Offer by completing the personalised Entitlement and Acceptance Form which accompanies this OIS and at <https://viagoldoffer.thereachagency.com>.

1.5 Definitions

Capitalised terms used in this OIS have the specific meaning given to them in the Glossary in Section 11.

Unless otherwise indicated, all references to dates and time are to dates and time in Australia.

1.6 Privacy Act

If you complete an Entitlement and Acceptance Form, you will be providing personal information to the Company (directly or by the Company's share registry). The Company collects, holds and uses that information to access your Application, service your needs as a Shareholder, facilitate distribution payments and corporate communications to you as a Shareholder and carry out administration.

The information may also be used from time to time and disclosed to persons inspecting the register, bidders for your securities in the context of takeovers,

regulatory bodies, including the Australian Taxation office, authorised securities brokers, print service providers, mail houses and the Company's share registry.

You can access, correct and update personal information that we hold about you. Please contact the Company or its share registry if you wish to do so at the relevant contact numbers set out in this OIS.

Collection, maintenance and disclosure of certain personal information is governed by legislation including the *Privacy Act 1988* (Cth) (as amended), the Corporations Act and certain rules such as the ASX Settlement Rules. You should note that if you do not provide the information required on the Entitlement and Acceptance Form, the Company may not be able to accept or process your Application.

1.7 No financial product advice

Nothing in this OIS is intended as financial product advice. The Company is not licensed to provide financial product advice in relation to New Shares or any other financial products. No cooling off regime applies in relation to the acquisition of New Shares.

2. Offer Overview

This section is an overview only and you should read the entire OIS carefully before making a decision to subscribe for New Shares.

Topic	Summary	For more information
Background	The Company is incorporated in Bermuda, and operates as an investment holding company. The Subsidiaries of the Company are principally engaged in rare earth refining and separation, leasing and capital financing, mineral trading business and consultancy and management services to educational institutions. Please refer to the diagram in Section 3.2.	Section 3
What is the Offer?	The Company is making an Offer to Eligible Shareholders by way of a Rights Issue. The Offer is being made as a non-renounceable entitlement offer of 1 New Share for every 1 Existing Share held by Eligible Shareholders registered at the Record Date at an issue price of A\$0.03 per Share. The Offer is not underwritten.	Section 4
Who can participate?	The Entitlement of Eligible Shareholders to participate in the Offer will be determined on the Record Date. Your Entitlement is shown on the Entitlement and Acceptance Form accompanying this OIS.	Entitlement and Acceptance Form accompanying this OIS.
Foreign Shareholders	The New Shares being offered under this OIS will not be offered to Non Eligible Foreign Shareholders. The Company has determined that it is not practicably viable to make offers to Non Eligible Foreign Shareholders due to the cost of meeting compliance requirements with securities laws in each applicable jurisdiction in which Non Eligible Foreign Shareholders reside. The Company reserves the right in its absolute discretion to offer New Shares under this OIS to a Shareholder with an address in the Company's register outside Australia or New Zealand if the Company is satisfied that it is not precluded from lawfully issuing New Shares to that Shareholder either unconditionally or after compliance with conditions which the Board in its sole discretion regards as acceptable.	Section 4.2 and 7
The purpose of the Offer	The primary purpose of the Offer is to raise capital. Funds raised under the Offer are intended to be used for (after the payment of costs associated with the Offer) general working capital purposes.	Sections 4
What is the effect of the Offer?	The principal effects of the Offer will be to: (a) raise approximately \$1,249,686 before deducting expenses of the Offer expended as described in Section 4.14; and (b) increase the number of Shares on issue by 41,656,202 (from 41,656,202 to 83,312,404) subject to rounding, if applicable (refer to Sections 4.12 and 4.16 for further details).	Sections 4.16 and 4.18
What are the risks associated with an investment in the Company?	Some of the risks associated with an investment in the Company are summarised below. These risks are outlined in detail in Section 5.2 and together with other risks outlined in Sections 5.3 and 5.4, and other general risks applicable to all investments in listed securities not specifically referred to, may affect the value of the Shares in the future. Accordingly, an investment in the Company should be considered speculative. Investors should consider consulting their financial or other profession adviser before deciding whether to apply for New Shares under this OIS.	Section 5
What are the key dates of the Offer?	The following is a key indicative timetable for the Offer: (a) Announcement: Monday 8 July 2019;	Section 4.7

Topic	Summary	For more information
	<p>(b) Lodge OIS with ASIC: Prior to 10:00am on Monday 8 July 2019;</p> <p>(c) Notice sent to Shareholders: Tuesday 9 July 2019;</p> <p>(d) Ex date: Wednesday 10 July 2019;</p> <p>(e) Record Date: Thursday 11 July 2019;</p> <p>(f) Opening Date: Monday 15 July 2019;</p> <p>(g) Closing Date: Wednesday 24 July 2019;</p> <p>(h) Deferred settlement trading commences: Thursday 25 July 2019;</p> <p>(i) Notify ASX of under subscriptions: Monday 29 July 2019;</p> <p>(j) Issue date of New Shares: Wednesday 31 July 2019;</p> <p>(k) Normal trading of New Shares commences: Thursday 1 August 2019; and</p> <p>(l) Last date to issue Additional New Shares under the Shortfall Offer: Thursday 24 October 2019.</p> <p>The above dates are indicative only and may be subject to change. The Directors reserve the right to vary these dates, including the Closing Date, without prior notice, subject to any applicable requirements of the Corporations Act and Listing Rules. This may include extending the Offer or accepting late acceptances, either generally or in particular cases or withdrawing the Offer.</p>	
What is the effect of the Offer on control of the Company?	<p>The potential effect that the issue of the New Shares under the Offer will have on control of the Company is as follows:</p> <p>(a) if all Eligible Shareholders take up their Entitlements under the Offer, the issue of New Shares under the Offer will have no effect on control; and</p> <p>(b) Eligible Shareholders who do not subscribe for their full Entitlement of New Shares under the Offer and ineligible shareholders unable to participate in the Offer will be diluted relative to those Shareholders who subscribe for some or all of their Entitlement.</p>	Section 4.18
Accounts	The Company's audited accounts for the financial period ended on 31 March 2019 are included in this document, and you should consider those accounts before making a decision to apply for New Shares.	Appendix 1

3. The Company

3.1 Overview of the Company

The Company is an ASX listed public company, formed in Bermuda as an exempted company with limited liability.

As an 'exempted company' the Company is authorised to carry on business outside Bermuda. The Company is permitted to establish a place of business in Bermuda in order to conduct business outside Bermuda. The Company has been classified as non-resident in Bermuda for exchange control purposes by the Bermuda Monetary Authority. This classification permits the Company to acquire, hold and sell foreign currency and securities without restrictions.

A general consent has been given by that authority for the issue and subsequent transfer of shares and options in the Company pursuant to this OIS to persons not resident in Bermuda for exchange control purposes for so long as the shares and options of the Company are listed on the ASX.

3.2 Business

The Company acts as an investment holding company. The Board is responsible for setting the policies and direction of the Company and monitoring its performance.

The Subsidiaries of the Company are predominantly engaged in rare earth refining and separation, and also (although to a lesser extent) leasing and capital financing, mineral trading business as well as consultancy and management services to educational institutions.

The Group manages its business by divisions, which are organised by the following key business lines:

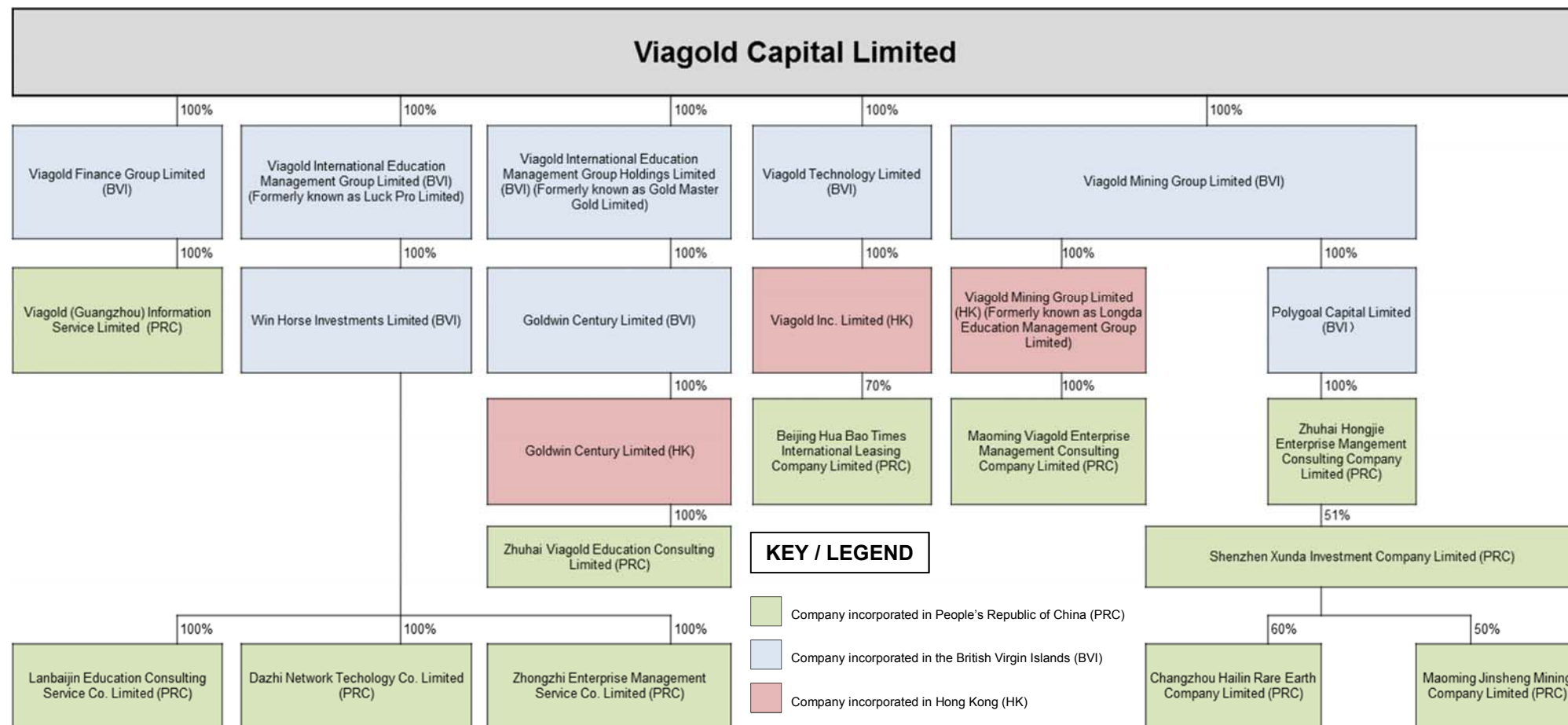
- (a) rare earth refining and separation.
- (b) trading of minerals;
- (c) provision of consultancy and management services to educational institutions; and
- (d) leasing and capital financing.

The Group's businesses are divided into activities primarily in Hong Kong and the People's Republic China. The primary business in Hong Kong is investment holdings. The businesses in the People's Republic of China are segregated into rare earth refining and separation, trading of minerals, leasing and capital financing services, and consultancy and management services to educational institutions.

The Group's customers are primarily located in the People's Republic of China and revenue of the Group is derived from its operations in the People's Republic of China.

The corporate structure of the Group is set out below at **Table 1** (below).

Table 1: Corporate Structure of the Group



3.3 Assets

The major asset of the Company are its inventories. The other predominant asset is trade and other receivables. These current assets make up the majority of the Company's total assets.

Other significant assets of the Company include non-current assets such as plant and equipment and land use rights.

For further details refer to the audited financial statements at Appendix 1.

3.4 Recent Developments

In April 2016, the Company acquired Changzhou Hailin Rare Earth Company Limited which is one of the largest private rare earth processing enterprises in the People's Republic of China.

In September 2012, after more than 15 years of development and growth, the production capacity of ion-type earth oxides in respect to the Group has reached 3,500 tonnes per year.

In October 2009 and January 2019, the Company has been certified by Beijing East Allreach Certification Centre Co., Ltd in relation to the Quality System ISO90001, Environmental Management System ISO14001.

3.5 Directors and Management Team

Longguang Shi: Non-Executive Director, Chairman appointed on 16 September 2010
Fuchuan Guo: Independent Non-Executive Director appointed on 29 September 2017
Yang Wang: Independent Non-Executive Director appointed on 17 September 2012
Xun Chang Hu: Independent Non-Executive Director appointed on 10 November 2017
Mulei Shi: Executive Director, CEO appointed on 8 October 2010
King Choi Leung: Executive Director appointed on 8 October 2010
Chang Yuan Liao: Executive Director appointed on 29 September 2017
<i>For more details of the Directors and Management Team refer to the audited financial statements at Appendix 1.</i>

4. Details of the Offer

4.1 The Offer

By this OIS, the Company is making an Offer to Eligible Shareholders as a non-renounceable entitlement offer of 1 New Share for every 1 Existing Share held by Eligible Shareholders registered at the Record Date at an issue price of A\$0.03 per Share.

Based on the capital structure of the Company as set out in Section 4.16 of this OIS, a maximum of 41,656,202 Shares will be issued pursuant to this Offer to raise up to approximately A\$1,249,686.

There is no minimum subscription for the Offer and the Offer is not underwritten.

All of the New Shares offered under this OIS will rank equally with the Shares on issue at the date of this OIS.

The Director may at any time decide to withdraw this OIS and the Offer of New Shares made under this OIS in which case the Company will return all Application monies (without interest) within 28 days of giving such notice of withdrawal.

4.2 Foreign Shareholders

The New Shares being offered under this OIS are being offered to Shareholders with registered addresses in Australia or New Zealand. Eligible Shareholders in the People's Republic of China, Hong Kong and Macau will be able to participate in the offer only if they are able comply with local security laws in those jurisdictions.

The New Shares being offered under this OIS will not be offered to Non Eligible Foreign Shareholders. The Company has determined that it is not practicable viable to make offers to Non Eligible Foreign Shareholders due to the cost of meeting compliance requirements with securities laws in each applicable jurisdiction in which Non Eligible Foreign Shareholders reside. The Company reserves the right in its absolute discretion to offer New Shares under this OIS to a Shareholder with an address in the Company's register outside Australia or New Zealand if the Company is satisfied that it is not precluded from lawfully issuing New Shares to that Shareholder either unconditionally or after compliance with conditions which the Board in its sole discretion regards as acceptable.

This OIS does not constitute an offer in any place in which, or to any person to whom, it would not be lawful to make such an offer. No action has been taken to register the New Shares or otherwise permit an offering of New Shares in any jurisdiction outside of Australia or New Zealand.

The distribution of this OIS outside Australia or New Zealand may be restricted by law. In particular, this document or any copy of it must not be distributed or released in the United States. If you come into possession of this OIS, you must observe any such restrictions. Any failure to comply with such restrictions may contravene applicable securities laws.

The OIS is not available to Shareholders that are in the United States or who are acting for the account or benefit of, persons in the United States (to the extent that such person holds Shares and is acting for the account or benefit of a person in the United States). Neither the Entitlements nor the New Shares offered and sold under the Offer have been, nor will be registered under the U.S. Securities Act, or under the securities laws of any state or other jurisdiction of the United States. Accordingly, entitlements may not be issued to or exercised by, and the New Shares may not be offered or sold, directly or indirectly, to persons in the United States, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and any other applicable U.S. state securities law. The Entitlements and the New Shares offered and sold under the OIS may only be offered and sold to persons that are not in the United States and are not acting for the account or benefit of persons in the United States (to the extent that such person holds Shares and is acting for the account or benefit of a person in the United States), in each case, in 'offshore transactions' in reliance on Regulation S under the U.S. Securities Act.

See Section 7 for further information regarding jurisdictions outside of Australia and New Zealand.

4.3 Withdrawal of Offer

The Company reserves the right to withdraw all or part of the Offer made under this OIS at any time before the issue of the New Shares, in which case the Company will refund Application Monies without payment of interest within 28 days of giving such notice of withdrawal.

4.4 Amounts payable under this Offer

The issue price is A\$0.03 per New Share (plus any fees or charges, to the extent applicable, that may be imposed by your financial institution or associated with the foreign exchange of currency). There are no other fees or charges payable for Eligible Shareholders to receive New Shares.

4.5 No rights trading

The rights to New Shares under the Offer are non-renounceable. Accordingly, there will be no trading of rights on the ASX and you may not dispose of your rights to subscribe for New Shares under the Offer to any other party. If you do not take up your Entitlement to New Shares under the Offer by the Closing Date, the Offer to you will lapse.

4.6 Dilution

Shareholders should note that if they do not participate in the Offer, their holdings are likely to be diluted by up to 50% (as compared to their holdings and number of Shares on issue as at the date of this OIS).

4.7 Timetable

The following are key indicative dates relating to the Offer.

Event	Date
Announcement of Offer and lodgement of Appendix 3B	Monday 8 July 2019
Lodgement of OIS with ASIC and copies to ASX	Prior to 10:00am on Monday 8 July 2019
Notice sent to Shareholders Timetable available on Company's website	Tuesday 9 July 2019
"Ex" date	Wednesday 10 July 2019
Record Date (date for determining Entitlements of Eligible Shareholder(s) to participate in the Offer)	Thursday 11 July 2019
Offer Opening Date OIS and personalised Entitlement and Acceptance Forms dispatched to Shareholders Announcement that OIS and Entitlement and Acceptance Forms dispatched to Shareholders	Monday 15 July 2019
Offer Closing Date (date for lodgement of Entitlement Forms and Acceptance Monies)	Wednesday 24 July 2019
Deferred settlement trading commences	Thursday 25 July 2019
Notify ASX of under subscriptions	Monday 29 July 2019
Issue date of New Shares Deferred Settlement trading ends Dispatch of shareholding statements	Wednesday 31 July 2019
Normal trading of New Shares expected to commence	Thursday 1 August 2019
Last date to issue Additional New Shares under the Shortfall Offer (see Section 4.13)	Thursday 24 October 2019

The above dates are indicative only and may be subject to change. The Company reserves the right to vary the dates of the Offer without prior notice but subject to any requirements of the Corporations Act or the ASX Listing Rules. This may include extending the Offer or accepting late applications and acceptances, either generally or in particular cases or withdrawing the Offer.

4.8 Applications

The Entitlement of Eligible Shareholders to participate in the Offer will be determined on the Record Date. Your Entitlement is shown on the Entitlement and Acceptance Form accompanying this OIS.

Details of how to apply under the Offer are set out in Section 7 of this OIS.

4.9 Ranking of New Shares

New Shares issued under the Offer will rank equally with Existing Shares.

A summary of the rights and liabilities attaching to the New Shares are set out in Section 6.1 of this OIS.

4.10 No cooling off rights

Cooling off rights do not apply to an investment in New Shares. You cannot withdraw your Application or payment once it has been accepted, except as allowed by law.

4.11 Underwriting

The Offer is not underwritten.

4.12 Issue and allotment of Shares

New Shares issued pursuant to the Offer will be issued in accordance with the ASX Listing Rules and the indicative timetable set out in Section 4.7 of this OIS.

Pending the issue of the New Shares or payment of refunds pursuant to this OIS, all Application Monies will be held by the Share Registry for the Applicants in a separate bank account in trust as required by the Corporations Act. The Share Registry will be entitled to retain all interest that accrues on the bank account and each Applicant waives the right to claim interest by completing and returning the Entitlement and Acceptance Form accompanied by cheque, draft bank or money order or by making payment by BPAY or by electronic funds transfer.

The issue of the New Shares offered by this OIS and dispatch of holding statements is expected to occur on the dates specific in the timetable set out in Section 4.7 of this OIS.

It is the responsibility of the Applicants to determine the allocation prior to trading in the New Shares. Applicants who sell New Shares before they receive their holding statement will do so at their own risk.

Shares will not be issued on the basis of this OIS later than the Expiry Date.

4.13 Placement of Additional New Shares under the Shortfall Offer

If the Offer is not fully subscribed, in accordance with Listing Rule 7.2, Exception 3, the Directors reserve the right to issue Additional New Shares under the Shortfall Offer at their discretion for up to 3 months after the Closing Date.

Any Additional New Shares must be issued at an issue price not less than the price at which New Shares are offered under the Offer.

4.14 Use of funds

The Company intends to apply the funds raised under the Offer (after the payment of costs associated with the Offer) for general working capital purposes.

The above is a statement of the Board's current intentions as at the date of this OIS. However, Shareholders should note that the allocation of funds set out above may change depending on a number of factors, including the outcome of operational and development activities, regulatory developments, market and general economic conditions and environmental factors. In respect of this, the Board reserves the right to alter the way the funds are applied.

4.15 Warrants

As at the date of this OIS, the Company has the following warrants on issue over Shares in the Company.

Issue date	Name	Quantity	Issue Price	Exercise Price	Expiry date	Balance
06/11/2014	ChangHao Liu	3,000,000	0.05	0.4	06/11/2019	3,000,000
06/11/2014	Pin Zhang	3,000,000	0.05	0.4	06/11/2019	3,000,000
17/12/2015	Zhang Pin	2,000,000	0.05	0.44	03/12/2020	2,000,000
17/12/2015	Liang Wen Cai	2,000,000	0.05	0.44	03/12/2020	2,000,000
18/04/2017	Harvest Time Overseas Capital (Private) Management Ltd	3,000,000	0.05	0.44	03/12/2020	3,000,000
02/03/2016	Zhong Zhi Ming	3,000,000	0.05	0.44	03/12/2020	3,000,000
18/04/2017	Harvest Time Overseas Capital (Private) Management Ltd	2,000,000	0.05	0.44	03/12/2020	2,000,000
Total						18,000,000

4.16 Capital structure

The effect of the Offer on the capital structure of the Company, assuming all Entitlements are accepted, is set out below.

Shares	Number
Shares currently on issue	41,656,202
New Shares offered pursuant to the Offer ¹	41,656,202
Total Shares on issue at the close of the Offer ²	83,312,404

Note:

¹This number may vary due to the number of Eligible Shareholders who are eligible to subscribe for New Shares under the Offer.

²This number assumes that all New Shares under the Offer are fully subscribed.

4.17 Directors' Interests and Participation

Each Director's interest in the securities of the Company at the date of this OIS and their Entitlement is set out in the table below.

Director	Shares	Voting Power (%)	Entitlement	\$
Longguang Shi	6,000,000	14.41%	6,000,000	\$180,000.00
Mulei Shi	4,000,000	9.60%	4,000,000	\$120,000.00
Chang Yuan Liao (held on behalf of Ling Ge Arts Foundation).	800,000	1.92%	800,000	\$24,000.00
King Choi Leung	150,000	0.36%	150,000	\$4,500.00

All Directors that are Eligible Shareholders, other than King Choi Leung and Chang Yuan Liao (on behalf of Ling Ge Arts Foundation) intend to participate in the Offer by taking up their Entitlements in full.

4.18 Effect of the Offer on control and voting power in the Company

The Company's substantial holders and their Entitlements prior to the Offer are set out in the table below.

Substantial Holder	Shares	Voting Power (%)	Entitlement	\$
Harvest Smart Overseas Ltd	10,962,290	26.32	10,962,290	\$328,868.70
Capital Luck Group Limited	10,000,000	24.01	10,000,000	\$300,000.00
Mr Zhou Hailin	7,000,000	16.80	7,000,000	\$210,000.00
Citicorp Nominees Pty Limited	3,775,023	9.06	3,775,023	\$113,250.69
Sai Ha Leong	1,500,000	3.60	1,500,000	\$45,000.00
Mr Chen Wei Qing	1,235,862	2.97	1,235,862	\$37,075.86
J P Morgan Nominees Australia Pty Limited	1,216,500	2.92	1,216,500	\$36,495.00
Guangdong Rare Earths Industry Group Co. Ltd	1,200,000	2.88	1,200,000	\$36,000.00
Mr Liao Chang Yuan <Ling Ge Art Foundation A/C>	800,000	1.92	800,000	\$24,000.00
HSBC Custody Nominees (Australia) Limited	644,433	1.55	644,433	\$19,332.99

The potential effect that the issue of the New Shares under the Offer will have on the control of the Company is as follows:

- (a) if all Eligible Shareholders take up their Entitlement under the Offer, the issue of New Shares under the Offer will have no effect on the control of the Company and all Shareholders will hold the same percentage interest in the Company, subject only to changes resulting from ineligible Shareholders being unable to participate in the Offer; and
- (b) Eligible Shareholders who do not subscribe for their full Entitlement of New Shares under the Offer and ineligible Shareholders unable to participate in the Offer will be diluted relative to those Shareholders who subscribe for all of their Entitlement as described in Section 9.2.

5. Investment Risks

5.1 Overview

As with any share investment, there are risks associated with an investment in the Company. The Company's activities and operations are subject to a number of risks which may impact its future performance and forecasts. Before subscribing for New Shares, Shareholders should carefully consider and evaluate the Company and its business and whether the New Shares are suitable to acquire having regard to their own investment objectives and financial circumstances and taking into consideration the material risk factors. The numerous risk factors are both of a general, industry, economic and specific nature. Some can be mitigated using safeguards and appropriate systems and controls, while others are outside the control of the Company and its directors and cannot be mitigated and may adversely affect Shareholders' interests in the Company.

This Section 5 identifies the major areas of risk identified by the Directors associated with an investment in the Company, but should not be taken as an exhaustive list of the relevant factors to which the Company and its Shareholders are exposed now or may be in the future. Many of these risks are outside the control of the Company and its Management Team. You should read the entire OIS and consult your independent, professional advisers before deciding whether to apply for the Shares offered pursuant to this OIS.

5.2 Key general risks

- (a) **Legal, Regulatory and Governance risk:** New or amended legislation and regulations may cause material adverse effects upon the operations of the Company. In particular changes to taxation, environment, mining or extractive, trade, fiscal and compliance laws, among many other laws or regulations, may all adversely impact the Company or its Subsidiaries, and therefore impact the ultimate return achieved by Shareholders. Any ban (including restrictions and other tariffs and taxes) on the export to ban the export of rare earth minerals to countries outside of China, such as United States of America, may affect rare earth prices and have an adverse financial impact on the Company. Changes in government or in political conditions generally may impact the legal and regulatory environment in which the Company and its Subsidiaries operate, and may also result in additional adverse effects being encountered by the Company.

Any such changes are likely to be beyond the control of the Company, and the extent and nature of adverse impacts cannot be readily predicted. Shareholders must be aware that the Company and its Subsidiaries, and the markets for their products and investments function in a global market, and may therefore be impacted by changes to not only the laws of the People's Republic of China, but to the laws and regulations of other international jurisdictions.

- (b) **Competition risk:** The industries in which the Company operates and invests are competitive ones with many international players. In particular, the Company faces strong ongoing competition from industry leaders in the rare earth sector. Competing businesses including those with superior products or technologies can directly impact the profitability of the Company which may in turn have a material adverse effect on return to Shareholders. The introduction of new competitors or a more aggressive competitive response from existing competitors may affect the operating performance and investments of the Company. There are competition risks associated with the provision of consultancy and management services to educational institutions, as well as asset leasing and capital financing, however the Company generally acts to mitigate such risks through the use of long-term contracts. There is no assurance that the Company or its Subsidiaries will be able to compete successfully in their marketplace and there can be no guarantee the Company will retain its present market share for all its products as they may be affected by increased competition. Any increase in competition could adversely affect the interests of Shareholders.
- (c) **Catastrophic event risk:** Acts of terrorism, an outbreak of international hostilities, earthquakes, labour strikes and other natural disasters may directly impact the Company's operations or indirectly cause an adverse change in investor sentiment with respect to the Company specifically, or the securities market more generally. This could have a negative impact on the value of an investment in the Company's Shares.

- (d) **Insurance and liability risk:** Insurance against all risks associated with rare earth separation, mineral trading and refinancing, and against the risks associated with the other industries in which the Company operates is not always available. The Company will maintain insurance where it is considered appropriate in respect to its needs. This includes labour insurance for the rare earth refinery Subsidiaries provided to the Company's workers and staff, as required under the laws of the People's Republic of China. Insurance coverage against all risks may not be undertaken either because such cover is not available or because the Directors considers that the associated premiums are excessive having regard to the benefits from the cover. The occurrence of an event that is not covered or is only partially covered by insurance could have a material adverse effect on the business, financial condition and results of the operations of the Company. There is no assurance that the Company will be able to maintain adequate insurances in the future at rates that the Directors consider reasonable.

Likewise, certain losses of a catastrophic nature, such as wars, earthquakes, typhoons, impacts of climate change (discussed below), terrorist attacks or other similar events, may be either uninsurable or only insurable at such high rates that to maintain such coverage would cause an adverse impact on the Company and its related investments. In general, losses related to terrorism are becoming harder and more expensive to insure against. Some insurers exclude terrorism coverage from their all-risk policies. Further, there is a risk that the Company and/or its Subsidiaries may incur a loss that is not fully covered by insurance and, accordingly, impact the Company's financial performance and return on investment for Shareholders.

- (e) **Structural risk:** There can be no guarantee that the structure and the growth of the industries in which the Company operates will remain unchanged. While the Company will strive to readily respond and adapt to changes in the markets and industries in which it operates and invests, the Company cannot guarantee that it will successfully navigate significant structural change or stagnated growth occurring in the industries in which it operates.
- (f) **Climate change risk:** Climate change is a risk the Company has considered, particularly related to its operations in the mining and rare earth industries. The climate change risks particularly attributable to the Company include:
- (i) the emergence of new or expanded regulations associated with the transitioning to a lower-carbon economy and market changes related to climate change mitigation. The Company may be impacted by changes to local or international compliance regulations related to climate change mitigation efforts, or by specific taxation or penalties for carbon emissions or environmental damage. These examples sit amongst an array of possible restraints on industry that may further impact the Company and its profitability. While the Company and its Subsidiaries will endeavour to manage these risks and limit any consequential impacts for Shareholders, there can be no guarantee that returns for Shareholders will not be impacted by these occurrences; and
 - (ii) climate change may cause certain physical and environmental risks that cannot be predicted by the Company, including events such as increased severity of weather patterns and incidence of extreme weather events and longer term physical risks such as shifting climate patterns. All these risks associated with climate change may significantly change the industries in which the Company operates and materially change the nature and return on investments for Shareholders.

Insurance cover availability against the risks of climate change is subject to the similar conditions and restraints noted above.

- (g) **Employment risk:** The success of the Company will to an extent depend on the directors and the management team's ability to effectively manage the Company's performance and navigate new investment opportunities and challenges. The departure of any key management personnel may have an adverse effect on the Company and its profitability. In addition, industrial and labour disputes, work stoppages and accidents, logistical and engineering difficulties, and other employee related challenges may also have an adverse effect on the Company's profitability.
- (h) **Litigation risk:** The Company and its Subsidiaries may be subject to litigation or legal proceedings, or the threat thereof. Any potential or actual dispute or proceedings may

impact adversely on the Company's operations, reputation, financial performance and financial position, which may in turn have an adverse effect on Shareholders' interests in the Company.

- (i) **Financing risk:** Difficulties in obtaining financing or debt facilities from a lending institution may mean that the Company is not able to execute its business strategy or meet its working capital targets and general financing needs. The Company may also be impacted by exposure to rising interest rates and refinancing risks from time to time, which cannot be readily predicted. The Company and its Subsidiaries have a significant dependence on financing availability, and are generally reliant on financing to execute its growth targets. The Company cannot guarantee the accessibility of financing to enable the expansion of its investments or the realisation of its investment strategy or the avoidance of negative impacts associated with the financing of the Company.

5.3 Industry Risks

Shareholders must be aware that the Company cannot guarantee that the industry specific risks described in this section 5 or any industry risk that may otherwise arise will not adversely affect return on their investments at any stage

- (a) **General Industry risk:** The Company operates primarily in the rare earth refining and separation industry, which brings with it specific risk factors. These include, but are not limited to, licensing restrictions in the industry, geological scarcity, geopolitical issues, trade policy, environmental changes, finite limits on economically minable reserves and resources, movements in the international price of rare earth commodities, equipment failure, community or industrial actions, interruptions to the supply of power, water, chemical and fuel, difficulties in obtaining approvals for projects, and other circumstances, all which may result in the delay, suspension or termination of the Company's rare earth investments. The unpredictable and diverse nature of these factors mean that the Company cannot fully guarantee continued growth or profitability of its mining and rare earth operations.
- (b) **Processing risk:** Rare earth processing is subject to further operational risks, including the related risks associated with storage and transportation of raw materials, products and wastes. These operating risks have the potential to cause personal injury, property damage and environmental contamination, and may result in the shutdown of affected facilities, business interruption and the imposition of civil or criminal penalties, and negatively impact the reputation of the Company and Shareholders' interests.
- (c) **Market demand risk:** The success of the Company's business may be materially affected by fluctuation in the global prices and demand for rare earth and the products which utilise rare earth. Factors including the level of economic activity in the rare earth market and bi-products, regional political developments in the People's Republic of China and other rare earth-producing countries, the price and availability of extractive, refinery and separation technologies, and the availability and cost of rare earth substitutes, among other factors, may all impact Shareholders' interests in the Company.
- (d) **Sole major industry risk:** There are inherent risks attached to the majority of the Company's business being concentrated on rare earth. To the extent that the Company concentrates predominantly on this industry and has only marginal diversification of their business, the Company's performance and Shareholders' interests are more susceptible to fluctuations in this specific industry. Shareholders must be aware that the success of the Company may be largely contingent on the existence of an ongoing and consistent market for rare earth and the products which utilise them.

5.4 Economic and Other Risks

- (a) **Credit risk:** The Company's credit risk is primarily attributable to pledged bank deposits, cash and cash equivalent, trade and other receivables. The credit risk on pledged bank deposits and cash and cash equivalent is limited because the Company mainly places the deposits in banks with high credit rating and management does not expect any losses from non-performance by banks. The Company has significant concentration of credit risk on trade receivables as they are mainly attributable from certain limited counterparties. Other than concentration of credit risk on trade receivables and liquid funds which are deposited with banks with high credit rating, the Company does not have any other significant concentration of credit risk.

- (b) **Liquidity of Company risk:** The Company regularly monitors current and expected liquidity requirements to ensure that it maintains sufficient cash to meet its liquidity requirements in the short and longer term. If liquidity requirements are not met by the Company, Shareholders' interests may suffer adverse consequences.
- (c) **Illiquidity of Shares risk:** It is possible that in various circumstances Shares in the Company might not be liquid. There may be relatively few potential buyers or sellers of the Shares on the ASX at any time. This may increase the volatility of the market price of the Shares. It may also affect the prevailing market price at which Shareholders are able to sell their Shares. This may result in Shareholders receiving a market price for their Shares that is a discount or premium to the price paid initially.
- (d) **Foreign exchange or currency risk:** The Company may be exposed to foreign exchange and currency risk as its transactions and investments, however currency is generally determined based on the functional currency of the specific Group entity to which they relate, being predominantly Chinese Yuan and Hong Kong Dollars. The Company will be exposed to foreign exchange and currency risks in exchanging Australian dollars received by it under the Offer set out in this OIS with other currency such as the Chinese Yuan and the Hong Kong Dollar.

Additionally, there is the possibility that changes to global currency trends or to the exchange rates of foreign currencies may directly or indirectly impact the investments and products of the Company. As such, the Company cannot guarantee that the fluctuations of foreign exchange rates or currency trends will not adversely impact the Company or Shareholders' returns on their investment.
- (e) **Inflation risk:** As the Company may fix prices under its contractual arrangements with third parties, it may face be affected by the rate of inflation which may result in lower margins for the Company and may impact Shareholders' interests. Inflation in any other country in which the Company has investments may similarly have an adverse effect on the Company's business and the value of Shares in the Company.
- (f) **Sales risk:** The Company's plan to increase its production capacity may not be fully realised which may impact the Company's sales and in turn result in decreased returns to Shareholders. The Company's sales to its customers may be impacted partially or fully by any of the risk factors described in this OIS.
- (g) **Contract risk:** The Company may enter into various agreements and undertakings with third parties from time to time. If the Company is unable to satisfy the conditions of these agreements and undertakings, or if it defaults on its obligations under these agreements and undertakings, it is possible that the Company's interests may suffer serious consequences. Further, if a third party defaults on their obligations under these agreements and undertakings, the Company may also be adversely affected.
- (h) **Due diligence risk:** There is a risk that the legal, financial and tax due diligence conducted on the Company and its investments may not identify all issues associated with the Company and its investments. Any due diligence reports that may be relied upon by Shareholders are not guaranteed as comprehensive or complete by the Company and Shareholders.
- (i) **Equity investments and markets risk:** Shareholders should be aware that there are risks associated with any investment listed on the ASX. The value of Shares in the Company may rise or fall at any time, depending on the financial condition and operating performance of the Company. Further, the price at which the Company Shares trade on the ASX may be affected by a number of factors that may be unrelated to the financial and operating performance of the Company and over which the Company has no control. These factors may include economic conditions in Australia and overseas, investor sentiments in the local and international share markets, changes to Australian regulation of the share market, and the occurrence of any of the risk factors detailed in this section or otherwise. Shareholders should also note that historic share price performance of shares in the Company provides no guidance as to its future share price performance.

6. Additional information

6.1 Rights attaching to Shares

The New Share offer pursuant to this OIS will rank equally in all respects with Existing Shares upon issue. Full details of the rights attaching to the Shares are set out in its Bye-Laws and Articles of Association, a copy of which can be inspected at the Company's registered office or on the Company's website.

The rights and liabilities attaching to Shares are set out in the Company's Articles of Association, and its Bye-Laws and regulated under the Bermuda Companies Act (and the general laws of Bermuda), the ASX Listing Rules and ASX Settlement Rules.

The Bye-Laws may only be varied by a Special Resolution. A Special Resolution under the Bye-Laws means:

- (a) at a general meeting where not less than 21 days' notice is provided, the resolution must be passed by at least 75% of Shareholders present (and entitled to vote); or
- (b) at a general meeting where less than 21 days' notice is given, the resolution must be passed by Shareholders present (and entitled to vote) together holding not less than 95% in nominal value of the Shares.

The following is a summary of the key rights that attach to the Shares under the Articles of Association and the Bye-Laws:

Voting	<p>Subject to the Listing Rules and to any special rights, privileges or restrictions regarding voting, at any general meeting on a show of hands, each Shareholder is entitled to one vote. On a poll, a Shareholder is entitled to one vote for each share held by that Shareholder which is fully paid-up or credited as fully paid-up.</p> <p>Voting rights in respect of partly paid shares are pro-rata to the amount paid on the issue price of each partly paid share.</p> <p>Each Shareholder is entitled to be present at a meeting in person or by proxy and, in the case of a Shareholder being a corporation, by its duly authorised representative.</p> <p>On a poll a Shareholder entitled to more than one vote need not use all the votes or cast all the votes in the same way.</p>
Dividends	<p>The Company in a general meeting may declare dividends in any currency but no dividends shall exceed the amount recommended by the Board.</p> <p>The Board may from time to time pay to the Shareholders such interim dividends as appear to the Board to be justified by the position of the Company.</p> <p>The Board may also pay half-yearly or at other suitable intervals, any dividend which may be payable at a fixed rate if the Board is of the opinion that the profits justify the payment.</p> <p>No dividend may be paid or distribution made out of contributed surplus if to do so would render the Company unable to pay its liabilities as they become due or the realisable value of its assets would thereby become less than the aggregate of its liabilities and its issued share capital and share premium accounts.</p> <p>Notice of the declaration of an interim dividend shall be given by advertisement in the relevant territory and in such other territory or territories as the Board may determine and in such manner as the Board may determine.</p> <p>No dividend or other moneys payable on or in respect of a share shall bear interest as against the Company.</p> <p>Whenever the Board or the Company in general meeting has resolved that a dividend be paid or declared, the Board may further resolve that such dividend be satisfied wholly or in part by the distribution of specific assets of any kind.</p> <p>The Company may distribute among its members cash or otherwise as may be resolved, by way of dividend, bonus or any other matter advisable, any property of the Company but not so as to decrease the capital of the Company unless the distribution is made for the purpose of enabling the Company to be dissolved.</p>
Transfer of Shares	<p>Subject to the Bermuda Companies Act and the Listing Rules, all transfers of shares must be either:</p>

	<p>(a) in writing or in the usual or common form; or</p> <p>(b) a Proper ASTC Transfer*; or</p> <p>(c) in such other form as the Board may accept,</p> <p>and subject to the below, be under hand only.</p> <p>Unless the transfer is a Proper ASTC Transfer* for the purpose of the Corporations Act, the instrument of transfer of any share shall be executed by or on behalf of the transferor and by or on behalf of the transferee. However, the Board may dispense with the execution of the instrument of transfer by the transferee. The Board may also resolve, upon request by either the transferor or the transferee, to accept mechanically executed transfers. The transferor will be deemed to remain the holder of the share until the name of the transferee is entered in the register.</p> <p>The Board may, in its absolute discretion and at any time transfer any share upon the Principal Register to any branch register.</p> <p>*Proper ASTC Transfer superseded Proper SCH Transfer (being the original expression set out in the Bye-Laws).</p>
Issue of shares	<p>Any share may be issued upon such terms and conditions and with such preferred, deferred or other special rights, or such restrictions, as the Company may from time to time by Ordinary Resolution determine.</p> <p>The Company can allot and issue fully-paid shares of the Company in payment or part payment of any property acquired by the Company or for any past services performed for the Company.</p> <p>Any preference share may, subject to the Companies Act and with the sanction of a Special Resolution, be issued on the terms that it is liable to be redeemed upon the happening of a specified event or upon a given date and either at the option of the Company or, if authorised by the Articles of Association of the Company, at the option of the holder.</p>
Conditions of new shares issued	<p>Subject to the provisions of the Statutes, the Listing Rules and the Bye-Laws, any new shares shall be issued upon such terms and conditions and with such rights, privileges or restrictions annexed thereto as the general meeting resolves, and if no direction be given, as the Board shall determine.</p> <p>In particular, such shares may be issued with a preferential or qualified right to dividends and in the distribution of assets of the Company and with a special right or without any right of voting.</p> <p>The Company shall not issue any shares with a voting right more advantageous than that available to any share previously issued by the Company.</p>
Warrants and options	<p>The Board may, subject to the approval by the shareholders in general meeting, issue warrants or options to subscribe for any class of shares or securities of the Company, on such terms as the Board may from time to time determine.</p>
Calls	<p>The Board may from time to time make such calls as it may think fit upon the shareholders in respect of any moneys unpaid on the shares held by them.</p>
Meetings and Notice	<p>The Company must each year hold a general meeting as its annual general meeting in addition to any other meeting in that year and must specify the meeting as such in the notice calling it.</p> <p>The annual general meeting will be held at such time and place as the Board will appoint. A meeting of Shareholders may be held electronically, such as via telephone.</p> <p>All general meetings other than annual general meetings shall be called special general meetings. The Board may, whenever it thinks fit, convene a special general meeting. Special general meetings may also be convened on requisition.</p> <p>An annual general meeting and a meeting called for the passing of a Special Resolution must be called with at least 21 days' notice in writing. Other meetings shall be called with at least 14 days' notice in writing. A meeting may be called with shorter notice if agreed by:</p> <p>(a) for annual general meetings, all Shareholders entitled to attend and vote; and</p> <p>(b) for other meetings, a majority of the Shareholders entitled to attend and vote (being a majority together holding not less than 95% in nominal value of the shares giving that right).</p>

Liquidation rights	<p>A resolution that the Company be wound up by the Court or be wound up voluntarily must be a Special Resolution.</p> <p>If the Company will be wound up, the surplus assets remaining after payment to all creditors will be divided among the Shareholders in proportion to the capital paid up on the shares. If such surplus assets will be insufficient to repay the whole of the paid up capital, then the losses will be borne by the Shareholders in proportion to the capital paid up on the shares.</p> <p>If the Company will be wound up, the liquidator may, with the sanction of a Special Resolution, divide among the Shareholders, not necessarily equally, the whole or any part of the assets of the Company.</p>
Shareholder liability	<p>A person whose shares have been forfeited will cease to be a Shareholder in respect of the forfeited shares, but will remain liable to pay to the Company all moneys which, at the date of forfeiture, were payable by him to the Company in respect of the forfeited shares, together with interest. This liability will cease if and when the Company receives payment in full of all such moneys in respect of the shares.</p>
Changes to the Bye-Laws	<p>A Special Resolution is required to alter the Bye-Laws.</p>
Future increases in capital	<p>The Company in general meeting may from time to time, whether or not all the authorised shares have been issued and whether or not all the issued shares have been fully paid, by Ordinary Resolution, increase its share capital by the creation of new shares.</p>
Variation of rights	<p>If at any time the capital is divided into different classes of shares, all or any of the special rights attached to any class may, subject to the Bermuda Companies Act, be varied or abrogated either with:</p> <ul style="list-style-type: none"> (a) the consent in writing of the holders of not less than three quarters of nominal value of the issued shares of that class; or (b) the sanction of a Special Resolution passed at a separate general meeting of the holders of the shares of that class. <p>The special rights conferred upon the holders of any shares or class of shares shall not, unless otherwise expressly provided in the rights attaching to or the terms of issue of such shares, be deemed to be altered by the creation or issue of further shares ranking equally with those existing shares.</p>
Listing Rules	<p>For so long as the Company is admitted to the Official List of the ASX then:</p> <ul style="list-style-type: none"> (a) the Bye-Laws may only be amended in a manner which is consistent with the provisions of the Listing Rules; (b) the Company is under an obligation to comply with, observe and give effect to the Listing Rules and, subject to the Bermuda Companies Act, the ASX Settlement Operating Rules* (if applicable); and (c) if, as a result of any amendments to the Listing Rules, there is an inconsistency between the Bye-Laws and a provision of the Listing Rules, the Company shall take steps to do whatever is necessary to alter the Bye-Laws to overcome the inconsistency. <p>*ASX Settlement Operating Rules superseded the SCH Business Rules, being the original expression set out in the Bye-Laws.</p>
Share buy-back	<p>The Company may, in accordance with the Listing Rules and the power contained in the Articles of Association for the Company, purchase or otherwise acquire its shares exercisable by the Board upon such terms and subject to such conditions as it thinks fit.</p>
Company may sell shares of untraceable shareholders	<p>Subject to the Listing Rules, the Company shall have the power to sell, in such manner as the Board thinks fit, any shares of a shareholder who is untraceable, but no such sale shall be made unless:</p> <ul style="list-style-type: none"> (c) all cheques or warrants, being not less than three in total number, have remained uncashed; (d) so far as it is aware at the end of the relevant period, the Company has not received any indication of the existence of the shareholder or of a person entitled to such shares by death, bankruptcy or operation of law;

	<p>(e) the Company has advertised in newspapers its intention to sell such shares and three months has elapsed since the date of advertisement; and</p> <p>(f) the Company has notified the stock exchange in the relevant territory of its intention to effect such sale.</p>
Accounts to be kept	The Board are obliged to cause true accounts to be kept, sufficient to give a true and fair view of the Company's affairs.
Employee Share Plan and Share Option Schemes	The Company may in accordance with an employees' share scheme approved by the shareholders in general meeting provide money on such terms as the Board thinks fit for the acquisition of fully or partly paid shares in the Company or its holding company.

6.2 Nominees and custodians

Due to legal restrictions, nominees and custodians may not send copies of this OIS or any material relating to the Offer or accept the Offer in relation to any person in the United States, or any person who is acting for the account or benefit of a person in the United States (to the extent that such person holds Shares and is acting for the account or benefit of a person in the United States), or to any person in any other jurisdiction outside Australia or New Zealand except as the Company may otherwise permit on compliance with applicable law.

6.3 Taxation implications

Shareholders should be aware that there may be taxation implications of participating in the Offer and subscribing for New Shares. The taxation consequences of participating in the Offer and acquiring New Shares may vary depending on the individual circumstances of each Shareholder.

Shareholders should consult their own professional taxation advisers to obtain advice in relation to the taxation laws and regulations applicable to their personal circumstances.

6.4 Regular reporting and disclosure

The Company is a 'disclosing entity' for the purposes of the Corporations Act and accordingly is subject to regular reporting and disclosure obligations under the Corporations Act and ASX Listing Rules. These obligations require the Company to notify ASX of information about specific events and matters as they arise for the purposes of ASX making that information available to the market. In particular, the Company has an obligation (subject to certain limited exceptions) to notify ASX once it is, or becomes, aware of information concerning the Company which a reasonable person would expect to have a material effect on the price or value of the Company's securities. All announcements made by the Company are available from ASX's website www.asx.com.au.

6.5 Application Monies

Until New Shares are issued, the Share Registry will hold the Application Monies in a bank account in Australia. The account will be established and kept solely for the purpose of depositing Application Monies and retaining those funds for as long as required. If permission for quotation is not granted by ASX, the New Shares will not be issued and Application Monies will be refunded (without interest) as soon as practicable.

Any interest accrued on Application Monies will not be paid to the relevant Eligible Shareholder, including if the Offer is cancelled or withdrawn.

6.6 Disclaimer

No person is authorised to give any information or make any representation in connection with the Offer described in this OIS, which is not contained in this OIS. Any information or representation not contained in this OIS may not be relied on as having been authorised by the Company in connection with the Offer.

6.7 Financial amounts

Money as expressed in this OIS is in Australian dollars unless otherwise indicated. Any discrepancies between totals in tables and sums of components in tables in this OIS and between those figures and figures referred to in other parts of this document may be due to rounding.

6.8 Not investment advice or financial product advice

Nothing in this OIS is intended as financial product advice and has been prepared without taking into account your investment objectives, financial circumstances or particular needs. The Company is not licensed to provide financial product advice in respect of the New Shares or any other financial products.

The information in this OIS does not purport to contain all the information that you may require to evaluate a possible Application for New Shares, nor does it contain all the information which would be required in a prospectus prepared in accordance with the requirements of the Corporations Act. It should be read in conjunction with the Company's other periodic statements and continuous disclosure announcements lodged with ASX, which are available at www.asx.com.au. The information in this OIS does not take into account your investment objectives, financial situation or needs or those of any particular investor. Before deciding whether to apply for New Shares, you should consider whether they are a suitable investment for you in light of your own investment objectives and financial objectives and having regard to the merits or risks involved. You should conduct your own independent review, investigation and analysis of the Shares, the subject of the Offer under this OIS.

If, after reading this OIS, you have any questions about the Entitlement Offer, you should contact your stockbroker, accountant, solicitor, tax adviser or other independent professional adviser. You should obtain any professional advice you require to evaluate the merits and risks of an investment in the Company before making any investment decision based on your investment objectives.

6.9 Annual financial report

In accordance with section 715 of the Corporations Act, a financial report is included with this OIS as attached at Appendix 1. The financial report is for the Company's 12 month financial period ended 31 March 2019, has been prepared in accordance with the accounting standards and has been audited by KTC Partners CPA Limited.

A copy of the annual financial report for the 12 month financial period ended 31 March 2019 has been lodged with ASIC.

6.10 Governing Law

This information in this OIS, and Offer and the contracts formed on acceptance of the Offer are governed by the laws applicable in the State of Victoria, Australia. Any person who applies for Shares submits to the non-exclusive jurisdiction of the courts of Victoria, and its appellate courts.

7. Summary of certain aspects of Bermudian law

7.1 Introduction

As a company incorporated in Bermuda, the Company is subject to the provisions of Bermuda Companies Act. A summary of the significant provisions of the Bermuda Companies Act to which the Company is subject and the key differences from the equivalent provisions of the Corporations Act is set out in this Section 7.

7.2 Summary of certain provisions of Bermudian law

Set out below is a summary of certain provisions of Bermuda company law. As a number of these provisions are capable of being qualified by the constituent documents of a company, it is important that this summary be read in conjunction with the Articles of Association and the Bye-Laws of the Company. A summary of the Articles of Association and the Bye-Laws is set out at Section 6.1 above. A copy of the current Bye-Laws and Articles of Association is available on the Company's website and will also be available for inspection at the Company's registered office during normal business hours.

The following statements are summaries, and do not address all aspects of Bermudian law which may be relevant to the Company and Shareholders.

(a) Duties of Directors

Under the Bermuda Companies Act the directors and officers of a company have a duty to:

- (i) act honestly and in good faith with a view to the best interests of the company; and
- (ii) exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances.

The Bermuda Companies Act also imposes specific duties on directors and officers of a company with respect to certain matters of management and administration of the company.

Under the common law of Bermuda, the directors of a company owe a fiduciary duty to the company to act in good faith in their dealings with or on behalf of the company and exercise their powers and fulfil the duties of their office honestly. This duty includes the following elements:

- (iii) a duty to act in good faith in the best interests of the company;
- (iv) a duty not to make a personal profit from opportunities that arise from the office of director;
- (v) a duty to avoid conflicts of interest; and
- (vi) a duty to exercise powers for the purposes for which such powers were intended.

(b) Challenging the actions of Directors

Directors and officers of a Bermuda company generally owe fiduciary duties to the company and not to the company's individual shareholders. This generally means that any claim or suit against a director for a breach of his or her duties must be brought by the company rather than an individual shareholder in the company. Accordingly, Shareholders may not have a direct cause of action against the Company's directors.

(c) Shareholders' actions

Class actions are generally not available to shareholders under Bermudian law. However, provided the act complained of is alleged to be beyond the corporate power of the company, or would result in the violation of the company's articles of association or bye-laws, then in most circumstances the courts of Bermuda will permit a shareholder to commence an action in the name of a company to remedy a wrong committed against the company. Furthermore, a Bermuda court will give consideration to acts that are alleged to constitute a fraud against the minority shareholders or, for example, where an act requires

approval by way of special resolution and the relevant approval was only granted by way of ordinary resolution.

When the affairs of a company are being conducted in a manner which is oppressive to the interests of some of the shareholders, one or more shareholders may apply to the Supreme Court of Bermuda, which may make such order as it sees fit, including an order regulating the conduct of the company's affairs in the future or ordering the purchase of the shares of any shareholder by other shareholders or by the company.

(d) **Directors' interests**

Bermudian law provides that if a director has an interest in a material contract or proposed material contract with the Company or any of its subsidiaries, or has a material interest in any person that is a party to such a contract, the director must disclose the nature of that interest at the first opportunity, either at a meeting of directors or in writing to the directors.

(e) **Directors indemnity**

The Bermuda Companies Act provides generally that a Bermuda company may indemnify its directors, officers and auditors against any liability which by virtue of any rule of law would otherwise be imposed on them in respect of any negligence, default, breach of duty or breach of trust, except in cases where such liability arises from fraud or dishonesty of which such director, officer or auditor may be guilty in relation to the company. Section 98 of the Bermuda Companies Act further provides that a Bermuda company may indemnify its directors, officers and auditors against any liability incurred by them in defending any proceedings, whether civil or criminal, in which judgment is awarded in their favour or in which they are acquitted or granted relief by the Supreme Court of Bermuda pursuant to section 281 of the Bermuda Companies Act.

Section 98A of the Bermuda Companies Act permits the Company to purchase and maintain insurance for the benefit of any officer or director in respect of any loss or liability attaching to him/her in respect of any negligence, default, breach of duty or breach of trust, whether or not the Company may otherwise indemnify such officer or duty.

(f) **Corporate records**

Members of the general public have a right to inspect the public documents of a company available at the office of the Registrar of Companies in Bermuda. These documents include the company's articles of association, including its objects and powers, and certain alterations to the articles of association and any charge registered against the company, minutes of general meeting and the company's audited financial statements, which must be presented to the annual general meeting. The register of shareholders of a company is also open to inspection by shareholders without charge, and by members of the general public on payment of a fee.

A company is required to maintain its share register in Bermuda but may, subject to the provisions of the Bermuda Companies Act, establish a branch register outside of Bermuda. A company is required to keep at its registered office a register of directors and officers that is open for inspection for not less than two hours in any business day by members of the public subject to a charge. Bermudian law does not, however, provide a general right for shareholders to inspect or obtain copies of any other corporate records apart from those set out above. Where a company, the shares of which are listed on an appointed stock exchange (such as the ASX), sends its summarised financial statements to its shareholders pursuant to section 87A of the Bermuda Companies Act, a copy of the full financial statements (as well as the summarised financial statements) must be made available for inspection by the public at the company's registered office.

(g) **Voting rights and quorum requirements**

Under Bermudian law, the voting rights of shareholders are regulated by the company's bye-laws and, in certain circumstances, by the Bermuda Companies Act.

(h) **Approval of corporate matters by written consent**

The Bermuda Companies Act provides that shareholders may take action by written consent. A resolution in writing is passed when it is signed by the shareholders of the

company who at the date of the notice of the resolution represent such majority of votes as would be required if the resolution had been voted on at a meeting or when it is signed by all the shareholders of the company or such other majority of shareholders as may be provided by the by-laws of the company.

(i) **Share transfers**

The Company's Directors may refuse to register any transfer of uncertificated shares where the ASX Listing Rules so permit and shall refuse to register any transfer of shares where the ASX Listing Rules so require or where the transfer is in breach of the ASX Listing Rules or the Bermuda Companies Act.

(j) **Shareholders meetings**

Under Bermudian law, a company is required to convene at least one general meeting of shareholders each calendar year unless the shareholders vote otherwise. Bermudian law provides that a special general meeting of shareholders may be called by the board of directors of a company and must be called upon the request of shareholders holding not less than 10% of the paid up capital of the company carrying the right to vote at general meetings. Bermudian law also requires that shareholders be given at least five days' advance notice of a general meeting, but the accidental omission to give notice to any person does not invalidate the proceedings at a meeting.

(k) **Dividends**

Under Bermudian law, a company may not declare or pay dividends if there are reasonable grounds for believing that:

- (i) the company is, or would after the payment be, unable to pay its liabilities as they become due; or
- (ii) that the realisable value of its assets would thereby be less than its liabilities.

(l) **Shareholder proposals**

Shareholders may, at their own expense (unless the company otherwise resolves):

- (i) give notice to all shareholders entitled to receive notice of the annual general meeting of any resolution that the shareholders may properly move at the next annual general meeting; and/or
- (ii) circulate to all shareholders entitled to receive notice of any general meeting a statement in respect of any matter referred to in the proposed resolution on any business to be conducted at such general meeting.

The number of shareholders necessary for such a requisition is such number of shareholders holding 10% or more of the total paid up capital of the company carrying the right to vote at a general meeting.

(m) **Amalgamations and mergers**

Two Bermuda companies may amalgamate and continue as one company or merge and continue as one of the merging companies, as the 'surviving company'. A Bermuda company may also merge with a foreign company and the 'surviving company' will be able to choose, post-merger, to either continue in Bermuda or discontinue in Bermuda and continue in a foreign jurisdiction.

The amalgamation or merger of a Bermuda company with another company or corporation (other than certain affiliated companies) requires the amalgamation agreement or merger agreement to be approved by the company's board of directors and by its shareholders. Unless the company's bye-laws provide otherwise, the approval of 75% of the shareholders voting at such meeting is required to approve the amalgamation agreement or merger agreement, and the quorum for such meeting must be two persons holding or representing more than one-third of the issued shares of the company.

Under Bermudian law, in the event of an amalgamation or merger of a Bermuda company with another company or corporation, a shareholder of the Bermuda company who is not satisfied with the consideration being offered for such shareholder's shares may, within

one month of notice of the shareholders meeting, apply to the Supreme Court of Bermuda to appraise the value of those shares.

(n) **Takeovers**

An acquirer of a Bermuda company is generally able to acquire compulsorily the common shares of minority holders in the following ways:

- (i) By a procedure under the Bermuda Companies Act known as a 'scheme of arrangement'. A scheme of arrangement could be affected by obtaining the agreement of a company and of holders of common shares, representing in the aggregate a majority in number and at least 75% in value of the common shareholders present and voting at a court ordered meeting held to consider the scheme of arrangement. The scheme of arrangement must then be sanctioned by the Supreme Court of Bermuda. If a scheme of arrangement receives all necessary agreements and sanctions, upon the filing of the court order with the Registrar of Companies in Bermuda, all holders of common shares could be compelled to sell their shares under the terms of the scheme or arrangement.
- (ii) If the acquiring party is a company, it may compulsorily acquire all the shares of the target company, by acquiring pursuant to a tender offer of 90% of the shares or class of shares not already owned by, or by a nominee for, the acquiring party (**offeror**) or any of its subsidiaries. If an offeror has, within four months after the making of an offer for all the shares or class of shares not owned by, or by a nominee for, the offeror or any of its subsidiaries, obtained the approval of the holders of 90% or more of all the shares to which the offer relates, the offeror may, at any time within two months beginning with the date on which the approval was obtained, require by notice any non-tendering shareholder to transfer its shares on the same terms as the original offer. In those circumstances, non-tendering shareholders will be compelled to sell their shares unless the Supreme Court of Bermuda (on application made within a one-month period from the date of the offeror's notice of its intention to acquire such shares) orders otherwise.
- (iii) Where one or more parties holds not less than 95% of the shares or a class of shares of a company, such holder(s) may, pursuant to a notice given to the remaining shareholders or class of shareholders, acquire the shares of such remaining shareholders or class of shareholders. When this notice is given, the acquiring party is entitled and bound to acquire the shares of the remaining shareholders on the terms set out in the notice, unless a remaining shareholder, within one month of receiving such notice, applies to the Supreme Court of Bermuda for an appraisal of the value of their shares. This provision only applies where the acquiring party offers the same terms to all shareholders whose shares are being acquired.

7.3 Comparison of key differences between Corporations Act and Bermuda Companies Act

The summary set out below is a general overview of the principal differences between the Corporations Act and the Bermuda Companies Act. It is provided as a general overview and should not be regarded as a comprehensive analysis of the legal consequences resulting from the Offer. The overview set out below will be subject to change from time to time.

Bermuda Companies Act	Corporations Act
Purchase of own securities	
If authorised in a company's articles of association or bye-laws, in Bermuda a company has the power to purchase its own shares. A company may not purchase its own shares if, on the date the purchase is to be effected, there are reasonable grounds for believing the company is, or after the purchase would be, unable to pay its liabilities as and when they become due. A purchase by a	In Australia, a company has the right to buy-back its shares in accordance with the provisions of the Corporations Act. A company may conduct a number of different types of share buy-backs. Depending on the type of share buy-back and the number of shares the company proposes to buy-back, a share buy-back may need to be approved by its shareholders.

Bermuda Companies Act	Corporations Act
company of its own shares may be authorised by the company's board of directors or in accordance with its bye-laws.	
Takeovers	
<p>The Bermuda Companies Act does not prescribe a regime for undertaking a takeover, nor does it prescribe a general prohibition on acquiring a relevant interest in a specified number of a company's voting shares in a similar fashion to the requirements under the Corporations Act.</p> <p>The Bermuda Companies Act provides two different regimes for compulsory acquisition of the shares of minority holders holding less than 10% or less than 5% of the issued share capital of a Bermudian company. Further details are set out in Section 7.2(n) above.</p>	<p>Chapter 6 of the Corporations Act governs company takeovers in Australia and the acquisition of a relevant interest in voting shares in a listed company. Chapter 6 provides a general rule that a person must not acquire a 'relevant interest' in voting shares of a company if, because of the transaction, a person's voting power in the company:</p> <ul style="list-style-type: none"> (a) increases from 20% or below to more than 20%; or (b) increases from a starting point, which is above 20% but less than 90%. <p>Certain exceptions apply, such as acquisitions of relevant interest in voting shares made under takeover bids or made with shareholder approval, or creeping acquisitions of 3% or less over a 6 month period.</p> <p>Australian law permits compulsory acquisition by 90% holders.</p>
Substantial Shareholdings	
The Bermuda Companies Act does not require a shareholder to notify the company of its shareholding on any stock exchange regardless of the size of that shareholder's interest in the company.	Under the Corporations Act, a shareholder who begins, or ceases, to have a 'substantial holding' in a listed company, or has a substantial holding in a listed company and there is a movement of at least 1% in their holding, must notify the company and ASX. A person has a substantial holding if that person and that person's associates have a relevant interest in 5% or more of the voting shares in the company.
Amalgamations and mergers	
<p>The amalgamation or merger of a Bermuda company with another company or corporation (other than certain affiliated companies) requires the amalgamation agreement or merger agreement to be approved by the company's board of directors and by its shareholders. Unless the company's bye-laws provide otherwise, the approval of 75% of the shareholders voting at such a meeting is required to approve the amalgamation agreement or merger agreement, and the quorum for such a meeting must be two persons holding or representing more than one-third of the issued shares of the company.</p> <p>Companies may amalgamate and continue as one company or merge and continue as one of the</p>	The Corporations Act contains no equivalent to the concept of an 'amalgamation' as set out in the Bermuda Companies Act.

Bermuda Companies Act	Corporations Act
merging companies. A Bermuda company may merge with a foreign company.	
Shareholders' suits	
Class actions and derivative actions are generally not available to shareholders under the Bermuda Companies Act. As mentioned in Section 7.2(c) above, the Bermuda courts would ordinarily be expected to permit a shareholder to commence an action in the name of the company where the act complained of is alleged to be beyond the corporate power of the company or would result in a violation of the company's bye-laws.	Under the Corporations Act, a shareholder may sue a wrongdoer on behalf of himself or herself and all fellow shareholders who are not among the wrongdoers in the company's name in respect of wrongs committed against the company.
Interested Directors	
A director must disclose to the company if that director has an interest or a material contract or proposed material contract with the company or any of its subsidiaries. A director is not precluded from voting at meetings of the board by reason of having a material personal interest in the subject matter under consideration by the board.	A director of a public company who has a material personal interest in a matter that is being considered at a directors' meeting must not be present while the matter is being considered at the meeting, or vote on the matter, except where that director's participation is approved by ASIC or by the other directors who do not have a material personal interest in the matter.
Indemnification of directors	
The Bermuda Companies Act provides generally that a Bermuda company may indemnify its directors, officers and auditors against any liability which by virtue of any rule of law would otherwise be imposed on them in respect of any negligence, default, breach of duty or breach of trust, except in cases where such liability arises from fraud or dishonesty of which such director, officer or auditor may be guilty in relation to the company.	A company may indemnify a director, officer or auditor but may not provide an indemnity for a liability owed to the company or a related body corporate, a liability for a pecuniary penalty order or compensation order under the Corporations Act, or a liability that is owed to someone other than the company on a related body corporate and did not arise out of conduct in good faith.
Related party transactions	
<p>The Bermuda Companies Act contains limited restrictions on related party transactions.</p> <p>However, as an entity listed on the ASX, the Company will be subject to the restrictions on related party transactions contained in Chapter 10 of the ASX Listing Rules following the Company's admission to the official list of the ASX.</p>	<p>The Corporations Act requires that a public company obtain the approval of its shareholders to give a financial benefit to a related party of the public company. The approval of shareholders is not required in certain circumstances where the financial benefit is:</p> <ul style="list-style-type: none"> (a) given on arm's length terms; (b) reasonable remuneration given to or reimbursement of expenses incurred by an officer or employee of the public company, an entity the public company controls, an entity that controls the public company or an entity that is controlled by an entity that controls the public company; (c) indemnities, exemptions, insurance premiums and payment of legal costs for officers;

Bermuda Companies Act	Corporations Act
	<p>(d) small amounts given to a related entity;</p> <p>(e) a benefit to or by closely held subsidiary; or</p> <p>(f) a benefit given to a related party in their capacity as a shareholder of the public company and the giving of the benefit does not discriminate unfairly against the other shareholders.</p>

8. Foreign jurisdictions

This Offer is not being extended and New Shares will not be issued to Non Eligible Foreign Shareholders. Eligible Shareholders in the People's Republic of China, Hong Kong and Macau will be able to participate in the offer only if they are able comply with local security laws in those jurisdictions. Return of the personalised Entitlement and Acceptance Form accompanied by cheque, draft bank or money order or by making payment by BPAY® or electronic funds transfer will be taken by the Company to constitute a representation by you that there has been no breach of any such laws. Due to legal restrictions, nominees and custodians may not send copies of this OIS or any material relating to the Offer or accept the Offer in relation to any person in the United States, or any other person acting for the account or benefit of persons in the United States (to the extent that such person holds Shares and is acting for the account or benefit of a person in the United States), or to any person in any other jurisdiction outside Australia or New Zealand except to as the Company may otherwise permit in compliance with applicable law.

8.1 United States

This OIS and any accompanying ASX announcements and the Entitlement and Acceptance Form, do not constitute an offer to sell, or the solicitation of an offer to buy, any securities in the United States or to any person who is acting for the account or benefit of any person in the United States (to the extent such person holds Shares and is acting for the account or benefit of a person in the United States).

Neither the New Shares nor the Entitlements have been, or will be, registered under the U.S. Securities Act or the securities laws of any state or other jurisdiction in the United States. Accordingly, the New Shares and the Entitlements in this OIS may not be offered or sold in the United States or to any other person acting for the account or benefit of persons in the United States (to the extent that such person holds Shares and is acting for the account or benefit of a person in the United States), and may only be offered and sold outside the United States in 'offshore transactions' as defined in Rule 902(h) under the U.S. Securities Act) in reliance on Regulation S under the U.S. Securities Act. Persons acting as nominees for other persons must not participate in the Offer and the nominee must not take up any Entitlement on behalf of any person in the United States or any person that is acting for the account or benefit of a persons in the United States (to the extent that such person holds Shares and is acting for the account or benefit of a person in the United States).

The distribution of this document outside Australia or New Zealand may be restricted by law. In particular, this document or any copy of it must not be taken into or distributed or released in the United States or distributed or released to any person in the United States or to any person acting for the account or benefit of persons in the United States (to the extent that such person holds Shares and is acting for the account or benefit of a person in the United States). If you come into possession of this OIS, you must observe such restrictions and should seek your own advice on such restrictions.

8.2 New Zealand

The New Shares are not being offered or sold in New Zealand other than to existing Shareholders with registered addresses in New Zealand to whom the offer of New Shares is being made in reliance on the *Financial Markets Conduct (Incidental Offers) Exemption Notice 2016 (New Zealand)*.

This OIS has been prepared in compliance with Australian law and does not constitute a New Zealand product disclosure statement or other disclosure document and has not been registered, filed with or approved by any New Zealand regulatory authority under or in connection with the Financial Markets Conduct Act 2013 (NZ). Participation in New Zealand in the Offer under this OIS is open only to persons to whom financial products may be offered in New Zealand pursuant to the Financial Markets Conduct (Incidental Offers) Exemption Notice 2016 (New Zealand) (or any replacement of that notice).

The taxation treatment of Australian financial products is not the same as for New Zealand financial products. The offer of New Shares may involve a currency exchange risk as they will be quoted on the ASX in Australian dollars.

If you are uncertain about whether this investment is appropriate for you, you should seek the advice of an appropriately qualified financial adviser.

9. Required actions by Eligible Shareholders

9.1 Eligible Shareholders

The number of New Shares to which you are entitled (your **Entitlement**) is shown on the accompanying personalised Entitlement and Acceptance Form.

If you are an Eligible Shareholder and wish to take up all or part of your Entitlement:

- (a) read this OIS in full;
 - (b) consider the risks associated with the Offer, as summarised in the 'investment risks' in Section 5, in light of your personal circumstances; and
 - (c) decide whether to participate in the Offer,
- and:
- (d) subscribe for all or part of your Entitlement to New Shares (see Section 9.2); or
 - (e) subscribe for all of your Entitlement and apply for Additional New Shares under the Shortfall Offer (see Section 9.3).

If you are an Eligible Shareholder and do not wish to take up all or part of your Entitlement, you may allow all or part of your Entitlement to New Shares to lapse (see Section 9.4).

Your completed Entitlement and Acceptance Form and payment must be received by the Registry no later than 5:00pm AEST on the Closing Date. The Offer is non-renounceable and accordingly, a holder of Shares may not dispose of or transfer all or part of their Entitlement.

9.2 Subscribe for all or part of your Entitlement

Your acceptance of all or part of your Entitlement to New Shares under the Offer must be made in accordance with the Entitlement and Acceptance Form accompanying this OIS or online at <https://viagoldoffer.thereachagency.com>. If you wish to subscribe for all or part of your Entitlement, complete and return the Entitlement and Acceptance Form to the address set out in Section 9.6, in accordance with the instructions set out in that form, and arrange payment in accordance with Section 9.5. If payment is made by BPAY or electronic funds transfer, you do not need to return your Entitlement and Acceptance Form.

9.3 Subscribe for all of your Entitlement and applying for Additional New Shares

If you have applied for your full Entitlement, you may wish to apply for more New Shares than the number shown on your Entitlement and Acceptance Form under the *Shortfall Offer*, regardless of the size of your present holding of Shares. To do this, complete the *Number of Additional New Shares applied for* section provided in the Entitlement and Acceptance Form or follow the instructions available online at <https://viagoldoffer.thereachagency.com> to make your payment by electronic funds transfer.

If you are applying to take up your Entitlement in full and wish to apply for Additional New Shares under the Shortfall Offer, make a payment for more than your Entitlement. The Excess Amount will be taken to be an application for Additional New Shares under the Shortfall Offer.

Applications for Additional New Shares under the Shortfall Offer may be considered if and to the extent that not all Shareholders take up their full Entitlement. Applications for Additional New Shares under the Top Up Offer are not capped. The Directors reserve the right to issue any shortfall by way of the Shortfall Offer or by other means. There is no guarantee that any Applications under the Shortfall Offer will be successful.

See Section 4.13 for details of the manner in which Additional New Shares will be allocated.

Surplus Application Monies in respect of all unallocated Shares (including unallocated Additional New Shares) will be returned to Applicants as soon as practical following the close of the Offer.

9.4 Declining all or part of your Entitlement

If you decide not to take up all or part of your Entitlement, the Entitlement which is unexercised will lapse. You will receive no benefit or New Shares and your Entitlement may be taken up by other Eligible Shareholders under the Shortfall Offer. Your Entitlement to participate in the Offer

under this OIS is non-renounceable and cannot be traded on the ASX nor any other financial markets, nor can it be privately transferred. Shareholders who do not take up their Entitlements in full will not receive any payment or value for those Entitlements they do not take up.

If you decide not to participate in the Offer under this OIS, you do not need to fill out or return the accompanying Entitlement and Acceptance Form. Although you will continue to own the same number of Shares, your percentage shareholding in the Company will be diluted.

If you wish to participate in the Offer, you must take action to accept your Entitlement in accordance with the instructions above and on the accompanying personalised Entitlement and Acceptance Form.

The number of Existing Shares you hold as at the Record Date and the rights attached to those Existing Shares will not be affected if you choose not to accept any of your Entitlement.

9.5 Payment methods

Any Excess Amount may be treated as an application to apply for Additional New Shares under the Shortfall Offer to the value of your Excess Amount. Your application for the Additional New Shares may not be successful (wholly or partially). Any surplus Application Money received for more than your final allocation of any Additional New Shares will be refunded (only where the amount is A\$5.00 or greater). You are not entitled to any interest that accrues on any Application Money received or returned (wholly or partially).

BPAY or electronic funds transfer

If you are paying by BPAY® or electronic funds transfer (available for Eligible Shareholders with a registered address outside of Australia only), refer to your personalised instructions on your Entitlement and Acceptance Form or follow the instructions online at <https://viagoldoffer.thereachagency.com>. Shareholders who wish to pay by BPAY® or electronic funds transfer (in the case of Eligible Shareholders with a registered address outside of Australia only) must ensure that payment is received no later than 5:00pm AEST on the Closing Date. Your payment must be made for the appropriate Application Monies in Australian dollars calculated at A\$0.03 per New Share accepted and applied for (as the case may be).

You should be aware that your own financial institution may implement earlier cut-off times with regard to electronic payment, and you should therefore take this into consideration when making payment. It is your responsibility to ensure that funds submitted through BPAY® or electronic funds transfer are received by 5:00pm AEST on the Closing Date.

Only Eligible Shareholders with a registered address outside of Australia are permitted to make payment by electronic funds transfer. Payment must be made in accordance with the instructions set out online at <https://viagoldoffer.thereachagency.com>.

If you have more than one shareholding and consequently receive more than one Entitlement and Acceptance Form, when taking up your Entitlement in respect of one of those shareholdings only use the *Customer Reference Number* specific to that shareholding as set out in the applicable Entitlement and Acceptance Form or online at <https://viagoldoffer.thereachagency.com>. Do not use the same *Customer Reference Number* for more than one shareholding. This can result in your Application Monies being applied to your Entitlement in respect of only one of your shareholdings (with the result that any application in respect of your remaining shareholding will not be recognised as valid).

The Company will not be responsible for any postal delivery delays or delay in the receipt of your BPAY® or electronic funds transfer payment.

Cheque draft bank or money order

Alternatively, if you are paying by cheque, draft bank or money order, the completed Entitlement and Acceptance Form must be accompanied by a cheque, draft bank or money order made payable to 'Viagold Capital Limited' and crossed 'Not Negotiable' for the appropriate Application Monies in Australian dollars calculated at A\$0.03 per New Share accepted and applied for (as the case may be). Your cheque, draft bank or money order must be paid in Australian currency and be drawn on an Australian bank of an Australian financial institution. The Company will present the cheque, draft bank or money order on or after the day of receipt of the Entitlement and Acceptance Form.

You must ensure that your cheque account has sufficient funds to cover your payment, as your cheque will be presented for payment on receipt. If your bank dishonours your cheque your Application will be rejected. Dishonoured cheques will not be re-presented.

Cash will not be accepted. Receipts for payment will not be issued. If you provide insufficient funds to meet the Application Monies for the number of New Shares accepted and applied for in your Entitlement and Application Form, you may be taken by the Company to have applied for such lower number of New Shares as your cleared Application Monies will pay for (and to have specified that number of New Shares in your Entitlement and Acceptance Form), or your Application may be rejected.

9.6 Return of Entitlement and Acceptance Form

Please return the completed Entitlement and Acceptance Form together with payment in accordance with Section 9.5, to the following address so that it is received by no later than 5.00pm AEST on the Closing Date:

Eligible Shareholders – postal delivery

Computershare Investor Services Pty Limited
GPO Box 505
Melbourne 3001
VIC
Australia

9.7 Non Eligible Foreign Shareholders

If you are a Non Eligible Foreign Shareholder, you may not take up any of, or do anything in relation to, your Entitlement under the Offer in this OIS.

9.8 Warranties made on acceptance of the Offer

By completing and returning your personalised Entitlement and Acceptance Form or making a payment by BPAY® or electronic funds transfer, you will be deemed to have acknowledged, represented and warranted that you, and each person on whose account you are acting, are an Eligible Shareholder or otherwise eligible to participate.

By completing and returning your personalised Entitlement and Acceptance Form or making a payment by BPAY® or electronic funds transfer, you will also be deemed to have acknowledged, represented and warranted on your own behalf and on behalf of each person on whose account you are acting that:

- (a) you are not in the United States and you are not acting for the account or benefit of any person in the United States in connection with the subscription for Entitlements or the purchase of New Shares in under this OIS and you are not otherwise a person to whom it would be illegal to make an offer of or issue of Entitlements and New Shares under the Offer and under any applicable laws and regulations;
- (b) you understand that the Entitlements and the New Shares have not been, and will not be, registered under the U.S. Securities Act or the securities laws of any state or other jurisdiction in the United States, or in any other jurisdiction outside Australia. Accordingly, you understand and acknowledge that, under the Offer, the Entitlements and the New Shares may not be issued to, taken up, purchased or exercised by persons who are, or are acting for the account or benefit of, a person in the United States (to the extent that such person holds Shares and is acting for the account or benefit of a person in the United States);
- (c) if you are acting as a nominee or custodian, each beneficial holder on whose behalf you are submitting the Entitlement and Acceptance Form is resident in Australia and is not in the United States and is not acting for the account or benefit of a person in the United States (to the extent that such person holds Shares and is acting for the account or benefit of a person in the United States), and you have not sent this OIS, the Entitlement and Acceptance Form or any information relating to the Offer to any such person;
- (d) if you (or any person from whom you are acquiring or procuring New Shares) are in New Zealand, you (and any such person):

- (i) are a person who:
 - (A) is an investment business within the meaning of clause 37 of Schedule 1 of the financial Markets Conduct Act 2013 (New Zealand) (**FMC Act**);
 - (B) meets the investment activity criteria specified in clause 38 of Schedule 1 of the FMC Act;
 - (C) is large within the meaning of clause 39 of Schedule 1 of the FMC Act;
 - (D) is a government agency within the meaning of clause 40 of Schedule 1 of the FMC Act; or
 - (E) is an eligible investor within the meaning of clause 41 of Schedule 1 of the FMC Act;
- (ii) acknowledge that:
 - (A) Part 3 of the FMC Act shall not apply in respect of the offer of New Shares to you;
 - (B) no product disclosure statement under the FMC Act may be prepared in respect of the Offer; and
 - (C) any information provided to you in respect of the Offer is not required to, and may not, contain all of the information that a product disclosure statement under New Zealand law is required to contain;
- (iii) warrant that if in the future you elect to directly or indirectly offer or sell any of the securities allotted to you, you undertake not to do so in a manner that could result in:
 - (A) such offer or sale being viewed as requiring a product disclosure statement or other similar disclosure document or any registration or filing in New Zealand;
 - (B) any contravention of the FMC Act; or
 - (C) the Company or its Directors incurring any liability;
- (iv) warrant that:
 - (A) any person for whom you are acquiring or procuring New Shares meets one or more of the criteria specified in subclause (a) above; and
 - (B) you have received, where required, a safe harbour certificate in accordance with clause 44 of Schedule 1 of the FMC Act;
- (e) if you are in the People's Republic of China (**PRC**), you are a:
 - (i) 'qualified domestic institutional investor' as approved by a relevant PRC regulatory authority to invest in overseas capital markets; or
 - (ii) sovereign wealth fund or quasi government investment fund that has the authorisation to make overseas investments;
- (f) if you (or any person for whom you are acquiring New Shares) are in Hong Kong, you (and any such person) are a 'professional investor', as defined under the Securities and Future Ordinance of Hong Kong, Chapter 571 of the Laws of Hong Kong;
- (g) you and each person on whose account you are acting have not and will not send any materials, or copies thereof, relating to the Offer to any person in the United States or any other country outside Australia and New Zealand;
- (h) you are subscribing for Entitlements or purchasing New Shares outside the United States in 'offshore transactions' (as defined in Rule 902(h) under the U.S. Securities Act) in reliance on Regulation S under the U.S. Securities Act;
- (i) you acknowledge that you have read and understand this OIS and your Entitlement and Acceptance Form in their entirety;

- (j) you agree to be bound by the terms of the Offer, the provisions of this OIS, and the Company's Articles of Association and Bye-Laws;
- (k) you authorise the Company to register you as the holder(s) of New Shares allotted to you;
- (l) you declare that all details and statements in your Entitlement and Acceptance Form are complete and accurate;
- (m) if you are a natural person, you declare you are over 18 years of age and have full legal capacity and power to perform all of your rights and obligations under your Entitlement and Acceptance Form;
- (n) you acknowledge that after the Company receives your Entitlement and Acceptance Form or any payment of Application Monies through BPAY®, you may not withdraw your Application or funds provided except as allowed by law;
- (o) you agree to apply for and be issued up to the number of New Shares specified in the Entitlement and Acceptance Form, or for which you have submitted payment of any Application Monies through BPAY®;
- (p) you authorise the Company, the Share Registry and their respective officers or agents to do anything on your behalf necessary for New Shares to be issued to you, including to act on instructions of the Share Registry on using the contact details set out in your Entitlement and Acceptance Form;
- (q) you declare that you were the registered holder(s) at the Record Date of the Shares indicated on your Entitlement and Acceptance Form as being held by you on the Record Date;
- (r) you acknowledge that the information contained in this OIS and your Entitlement and Acceptance Form is not investment advice nor a recommendation that New Shares are suitable for you given your investment objectives, financial situation or particular needs;
- (s) you acknowledge that this OIS is not a prospectus, does not contain all of the information that you may require in order to assess an investment in the Company and is given in the context of the Company's past and ongoing continuous disclosure announcements to ASX;
- (t) you acknowledge the statement of risks in the 'investment risks' in Section 5, and that investments in the Company are subject to risk;
- (u) you acknowledge that none of the Company, nor its Subsidiaries and their respective related bodies corporate and affiliates and their respective directors, officers, partners, employees, representatives, agents, consultants or advisers, guarantees the performance of the Company, nor do they guarantee the repayment of capital;
- (v) you agree to provide (and direct your nominee or custodian to provide) any requested substantiation of your eligibility to participate in the Offer and of your holding of Shares on the Record Date;
- (w) you authorise the Company to correct any errors in your Entitlement and Acceptance Form or other form provided by you;
- (x) you represent and warrant (for the benefit of the Company, its Subsidiaries and their respective related bodies corporate and affiliates) that you are an Eligible Shareholder and are otherwise eligible to participate in the Offer;
- (y) you represent and warrant that the law of any place does not prohibit you from receiving the Offer and being given this OIS and your Entitlement and Acceptance Form, nor does it prohibit you from making an Application for New Shares and that you are otherwise eligible to participate in the Offer under this OIS; and
- (z) if in the future you decide to sell or otherwise transfer the New Shares, you will only do so in regular way transactions on the ASX or otherwise where neither you nor any person acting on your behalf know, or has reason to know, that the sale has been pre-arranged with, or that the purchaser is, a person in the United States or is acting for the account or benefit of a person in the United States.

9.9 Refunds

Any Application Monies received for more than your final allocation of New Shares will be refunded as soon as practicable after the Closing Date (except where the amount is less than A\$5.00). No interest will be paid to Applicants on any Application Monies received or refunded (wholly or partially).

9.10 Withdrawals

You cannot, in most circumstances, withdraw your Application once it has been accepted. Cooling-off rights do not apply to an investment in New Shares.

9.11 Confirmation of your Application and managing your holding

You may access information on your holding, including your Record Date balance and the issue of New Shares from this Offer, and manage the standing instructions the Share Registry records on your holding on the Share Registry website, www.computershare.com/investor. To access the Investor Centre section of this website you will need your SRN or HIN and you will need to pass the security challenge on the site.

10. Consents

10.1 Consents

Chapter 6D of the Corporations Act imposes a liability regime on the Company (as offeror of the New Shares), the Directors, the persons named in the OIS with their consent as directors of the Company, persons named in the OIS with their consent as having made a statement in the OIS and persons involved in a contravention in relation to the OIS with regard to misleading and deceptive statements made in it.

Each of the persons referred to in this Section:

- (a) does not make, or purport to make, any statement in this OIS except other than those referred to in this Section 10; and
- (b) in connection with the above, to the maximum extent permitted by law, expressly disclaim and take no responsibility for any part of this OIS other than a reference to its name and a statement included in this OIS with the consent of the party named in this Section 10.

10.2 Legal adviser's consent

MinterEllison has given its written consent to being named as the legal adviser to the Company in this OIS in the form and context in which it is named. MinterEllison has not withdrawn its consent prior to the lodgement of this OIS with ASIC.

10.3 Auditor's consent

KTC Partners CPA Limited has given its written consent to being named as auditor of the Company in this OIS and the inclusion of the audited financial information of the Company set out in Appendix 1 and the references in this OIS to its audit, in the form and context in which the information and the report are included. KTC Partners CPA Limited has not withdrawn its consent prior to the lodgement of this OIS with ASIC.

10.4 Share Registry consent

Computershare Investor Services Pty Limited has given its written consent to being named as the share registry to the Company in this OIS in the form and context in which it is named. Computershare Investor Services Pty Limited has had no involvement in the preparation of any part of this OIS other than being named as the share registry to the Company and has not authorised or caused the issue of, and expressly disclaims and takes no responsibility for, any part of the OIS. Computershare Investor Services Pty Limited has not withdrawn its consent prior to the lodgement of this OIS with ASIC.

10.5 Directors' responsibility statement and consent

This OIS is issued by the Company and its issue has been authorised by the resolution of the Directors.

In accordance with section 720 of the Corporations Act, each Director has consented in writing to the lodgement of this OIS with ASIC and has not withdrawn that consent.

The OIS is signed for and on behalf of the Company pursuant to a resolution of the Board.



Ms. Mulei SHI
Chief Executive Officer and Executive Director for and on behalf of Viagold Capital Limited

11. Glossary

Term	Definition
A\$ and \$	Australian dollar unless specified otherwise
Additional New Share	A New Share offered and issued under the Shortfall Offer
ARBN	Australian Registered Business Number
AEST	Australian Eastern Standard Time
Applicant	An Eligible Shareholder who submits an Application and the required Application Monies pursuant to this OIS
Application Monies	Funds accompanying a completed Entitlement and Acceptance Form or funds paid by BPAY® required on application for New Shares
Articles of Association	The memorandum of articles of association of the Company
ASIC	Australian Securities and Investments Commission
ASX	ASX Limited ACN 008 624 691 or the financial market operated by it, as the context requires
ASX Listing Rules	The listing rules of ASX
ASX Settlement Rules	The Settlement Operating Rules made by ASX Settlement Pty Limited ACN 008 504 532
Bermuda Monetary Authority	The authority establish under the <i>Bermuda Monetary Authority Act 1969</i> (Bermuda)
Bermuda Companies Act	The <i>Companies Act 1981</i> (Bermuda)
Board	The Directors acting as a board of the Company
Bye-Laws	The bye-laws of the Company, as amended from time to time
Closing Date	The date that the Offer closes for Applications
Company	Viagold Capital Limited ARBN 070 352 500, incorporated in Bermuda with limited liability in accordance with the Bermuda Companies Act
Corporations Act	<i>Corporations Act 2001</i> (Cth)
Court	Any court of competent jurisdiction
Director	A director of the Company.
Eligible Shareholder	All Shareholders who are registered on the Shareholder register as at 7:00pm AEST on the Record Date
Entitlement	The number of New Shares each Eligible Shareholder is offered under the Offer
Entitlement and Acceptance Form	Entitlement and Acceptance Form accompanying this OIS
Excess Amount	Any money in excess of the full amount of Application Monies for an Eligible Shareholder's whole Entitlement
Existing Shares	All the Shares on issue in the Company as at the Record Date

Term	Definition
Expiry Date	8 August 2020
Group	The Company and its Subsidiaries
Listing Rules	Listing rules of the ASX
New Share	A Share offered under this OIS
Non Eligible Foreign Shareholder	A Shareholder with an address in the Company's Shareholder register outside Australia or New Zealand, unless the Company is satisfied that it is not precluded from lawfully issuing New Shares to that Shareholder either unconditionally or after compliance with conditions which the Board in its sole discretion regards as acceptable and not unduly onerous; provided that any person who is in the United States or who is acting for the account or benefit of any person in the United States (to the extent such person holds Shares and is acting for the account or benefit of a person in the United States) is a Non Eligible Foreign Shareholder
Offer	The offer of New Shares pursuant to this OIS
Offer Information Statement or OIS	This Offer Information Statement dated 8 July 2019
Official List	The official list of the ASX
Principal Register	The register of shareholders of the Company maintained in Bermuda
Proper ASTC Transfer	The meaning given to that term in the <i>Corporations Regulations 2001</i> (Cth)
Record Date	the date used to identify security holders entitled to participate in the issue
relevant territory	Hong Kong, Australia or such other territory as the Directors may from time to time decide if the issued ordinary share capital of the Company is listed on a stock exchange in such territory
Rights Issue	The Entitlement to New Shares available for issue under this OIS
Section	Any section or part of this OIS
Share	An ordinary fully paid share in the capital of the Company
Shareholder	A holder of one or more Shares as recorded on the Share register for the Company maintained at the Share Registry
Share Registry	Computershare Investor Services Pty Limited ACN 078 279 277
Shortfall Offer	The offer described in Section 9.3 of this OIS
Subsidiary	The meaning given to that term in the Corporations Act
U.S. Securities Act	U.S. Securities Act of 1933, as amended

12. Corporate Directory

Board of Directors

Ms. Mulei SHI	Executive Director (Chief Executive Officer)
Mr. King Choi LEUNG	Executive Director
Mr. Changyuan LIAO	Executive Director
Dr. Longguang SHI	Non-Executive Director (Chairman)
Mr. Yan WANG	Independent Non-Executive Director
Mr. Fuchuan GUO	Independent Non-Executive Director
Mr. Xunchang HU	Independent Non-Executive Director

Registered Office

Head office

Herman Chow & Co	Fladr 7
Suite 1102, Level 11	53 Bailian Road
370 Pitt Street	Jida, Zhuhai
Sydney NSW 2000, Australia	Guang Dong Province, China
Website: http://www.viagold.ws/	Website: http://www.viagold.ws/
Telephone: +61 2 9283 3933	Telephone: + 86 756 3320 271

Australian Legal Adviser

MinterEllison
Level 23, Rialto Towers,
525 Collins Street
Melbourne VIC 3000,
Australia

Auditor

KTC Partners CPA Limited
Room 617, 6/F., Seapower
Tower, Concordia Plaza, 1
Tsimshatsui East, Kowloon,
Hong Kong

Share Registry

Computershare Investor
Services Pty Limited
Yarra Falls
452 Johnston Street
Abbotsford, Victoria 3067
Australia

Appendix 1 – Financial Report

VIAGOLD CAPITAL LIMITED

(Incorporated in Bermuda with limited liability)

(ARBN: 070 352 500)

Reports and Consolidated Financial Statements

For the year ended 31 March 2019

VIAGOLD CAPITAL LIMITED

Contents	Pages
Chairman's Address to Shareholders	1 - 2
Corporate Governance Statement	3 - 20
Directors' Report	21 - 30
Directors' Declaration	31
Independent Auditor's Report	32 - 38
Consolidated Statement of Profit or Loss	39
Consolidated Statement of Other Comprehensive Income	40
Consolidated Statement of Financial Position	41 - 42
Consolidated Statement of Changes in Equity	43
Consolidated Statement of Cash Flows	44
Notes to the Consolidated Financial Statements	45 - 110
Additional Information Pursuant to the Official Listing Rules of the Australian Securities Exchange Limited	111- 113

VIAGOLD CAPITAL LIMITED

CHAIRMAN'S ADDRESS TO SHAREHOLDERS

I am pleased to present the 2018/2019 annual results of ViaGold Capital Limited ("VIA") and its subsidiaries collectively referred to as the "Group" and the outlook for 2019.

REVIEW

As all shareholders will be aware, the operating conditions were extremely challenging in the year under review. It was indeed the most challenging marketing environment the Group has experienced, in particular in the rare-earth refinery and processing sector. For the year ended 31 March 2019, the Group recorded a consolidated revenue of approximately AUD27,397,000 (period ended 31 March 2018: AUD35,597,000).

During the year under review, the education management sector recorded an increase in revenue of AUD408,000 (period ended 31 March 2018: AUD368,000), representing an increase of 10.9%, the Leasing and Capital sector recorded an increase in revenue of AUD360,000 as well (period ended 31 March 2018: AUD215,000), representing a sharp growth of 67.4%. However, they are offset by the decrease in revenue in the rare earth refining and separation sector for AUD26,629,000 (period ended 31 March 2018: AUD35,014,000), representing a decrease of 23.9%. The loss was attributable to the equity holder of the Group for the year ended 31 March 2019 was AUD3,003,000 (period ended 31 March 2018: AUD1,126,000).

GAIN AND LOSS

- (i) The segment loss in rare earth refining and separation was AUD24,900,000 (2018: loss of AUD170,000) which was mainly attributed to (1) the complicated and ever-changing market environment challenging the rare earth sector and (2) an incident led by theft and illegal move by third party of the inventory at an external warehouse that itself led to a loss of AUD21,440,000. The rare-earth processing associate entity has already filed the incident with the local police in Changzhou and is going put the external warehouse owner into full responsibility to recover the loss of value of the inventory.
- (ii) The segment profit in education management was AUD126,000 (2018: profit of AUD8,000) which was mainly contributed to the followings:
 - a/ The increase of students enrolled in the new school premises which has harvested from the move consolidating the three school premises into one a year ago; and
 - b/ The continued enjoying of the cost effectiveness during the period by reduction in:
 - i/ Salaries for principals, vice principals and administrative staffs that have been reduced by 23.7%; and
 - ii/ Office rent in line with the reduction in staffs.
- (iii) The segment loss in leasing and capital financing was AUD158,000 (2018: loss of AUD168,000). During the period ended 31 March 2019, the revenue increased to AUD360,000 (period ended 31 March 2018: AUD215,000).

VIAGOLD CAPITAL LIMITED

CHAIRMAN'S ADDRESS TO SHAREHOLDERS (Continued)

GAIN AND LOSS (Continued)

As a result, although there was an increase in the segment profit of education management sector and the drop in the segment loss of the leasing and capital financing sector, the segment loss in the rare earth refining and separation sector has overwhelmed it. The management has incurred a sharp increase of 166.7% of consolidated loss as attributed to the equity holders of the Group.

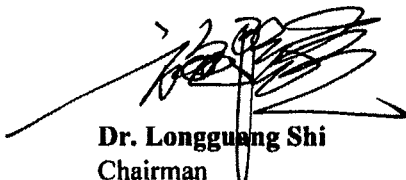
PROSPECT

Looking ahead, the Group will focus on exploring the strategic mergers/acquisitions/joint venture opportunities to expand in rare-earth industry and complement our organic growth while planning to make endeavor to engage in rare-earth related high technologies development to strengthen the Group's competitive position. We have aligned with the main players in the industry in China and look forward to deepening our cooperation relationships which will better our portfolio while generating gains for the shareholders of the Group. Moreover, Rare earth has aroused attentions around the world recently which we believe will contribute to a better market demand and higher return in the near future.

The education management sector has been very stable and expected to continue to perform on a professional level while developing more programs. The group expects to maintain growth in the car leasing sector 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.



Dr. Longguang Shi
Chairman
21 June 2019

VIAGOLD CAPITAL LIMITED

CORPORATE GOVERNANCE STATEMENT

The directors of the Company are primarily responsible for the corporate governance practices of the Company. This statement sets out the main corporate governance practices in operation throughout the Company for the financial year ended 31 March 2019 (except where otherwise indicated). The Statement also details compliance by the Company with the best practice recommendations set by the Australian Securities Exchange (" ASX ") Corporate Governance Council in its Corporate Governance Principles & Recommendations (third edition) dated 1 July 2014 ("the Guide").

On the date of this report, the Board consists of three executive directors and four non-executive directors. Details of the directors are set out on page 21 in this Report.

The primary responsibilities of the Board include:

- the establishment of the long term goals of the Company and strategic plans to achieve those goals;
- the approval of the annual and half year financial statements of the Company;
- the review and adoption of annual budgets for the financial performance of the Company and monitoring the results on a quarterly basis; and
- ensuring that the Company has implemented adequate systems of internal controls together with appropriate monitoring of compliance activities.

Set out below is a summary of the Corporate Governance policies of the Company and the approach of the Company and the Board to issues of corporate governance. The summary is provided in the context of the Revised Principles set out in the Guide, which principles are regarded by ASX as reflective of the best international practice in the area of corporate governance. As required by the Listing Rules of Australian Securities Exchange Limited (the "ASX Listing Rules") and where applicable, the Company has detailed where it fails to meet those principles and the reasons for that failure.

No.	ASX Key Governance Principles	Compliance	Non-compliance
1	Lay solid foundations for management and oversight		
1.1	Companies should establish the functions reserved to the Board and management.	<p>The Company has adopted a Board Charter and Code of Conduct to guide executives, management and employees in carrying out their duties and responsibilities.</p> <p>The Board Charter sets out the responsibilities of the Board and the matters delegated to the Chief Executive Officer.</p>	Not applicable.

VIAGOLD CAPITAL LIMITED

CORPORATE GOVERNANCE STATEMENT (Continued)

No.	ASX Key Governance Principles	Compliance	Non-compliance
1	Lay solid foundations for management and oversight (Continued)		
1.2	Companies should disclose the process for evaluating the performance of senior executives.	One of the key functions of the Board under its Charter is its responsibility for monitoring the performance of the Chief Executive Officer and senior executives. This required to be done by means of an annual review and evaluation.	Not applicable.
1.3	Companies should have written agreement with each director and senior executive setting out the terms of their appointment.	All directors must submit their consent to act and resume to the board and the board of the company for consideration. Decision of appointment be made by the board and board minutes and agreement be retained in minutes book with company secretary office and personnel department respectively recording their formal appointment, terms and remuneration. Proper announcement be lodged to ASIC and ASX.	Not applicable.
1.4	The company secretary of the Company should be accountable directly to the board, through the chair, on all matters to do with the proper functioning of the board.	A company secretary is appointed by the board. His key function is to account directory to the board, through the chair, on all matters to do with the proper functioning of the board.	Not applicable.
1.5	Companies should provide the information indicated in the Guide to reporting on Principle 1.	The Company will provide an explanation of departures (if any) from the Key Principles recommendations 1.1-1.4 (inclusive) in its future annual reports.	Not applicable.

VIAGOLD CAPITAL LIMITED

CORPORATE GOVERNANCE STATEMENT (Continued)

No.	ASX Key Governance Principles	Compliance	Non-compliance
2	Structure the Board to add value		
2.1	A majority of the Board should be independent directors.	<p>Currently, the Board comprises 7 Directors, of which 4 are non-executive Directors. Mr. Yan Wang, Mr. Fuchuan Guo (appointed on 29 September 2017) and Mr. Xunchang Hu (appointed on 10 November 2017) can be characterized as independent for the purposes of the ASX Guidelines. The other 3 members of the Board are executive directors comprises of Ms. Mulei Shi and Mr. King Choi Leung (both appointed in October 2010), and Mr. Changyuan Liao (appointed on 29 September 2017).</p> <p>All directors are subject to retirement by rotation. The Company's Nomination Committee reviews the composition of the Board on an annual basis and makes recommendations to the Board, to ensure that the Board comprises a number of non-executive directors with an appropriate mix of skills, experience and independence.</p>	Not applicable.

VIAGOLD CAPITAL LIMITED

CORPORATE GOVERNANCE STATEMENT (Continued)

No.	ASX Key Governance Principles	Compliance	Non-compliance
2	Structure the Board to add value (Continued)		
2.2	The chair should be an independent director.	<p>The chair, Dr. Longguang Shi, is a non-executive director of the Company. Dr. Shi is not considered to be an independent director by reason of him being a non-executive director of the Company.</p> <p>The Board regards Dr. Shi as the best person to chair the Company in the interests of all shareholders.</p>	The Board recognises the importance of the chair being held by an independent director, however, it believes Dr. Shi to be the most appropriate person for this role, given his diverse background, his long involvement in the Company and his knowledge of its activities.
2.3	The roles of chair and Chief Executive Officer should not be exercised by the same individual.	The roles of chair and Chief Executive Officer are not exercised by the same individual.	Not applicable.
2.4	The Board should establish a nomination committee.	<p>The Board has established a Nomination Committee and a Remuneration Committee. The Committees have a charter adopted by the Board which sets out the responsibilities of the Committees.</p> <p>The Nomination Committee reviews the composition of the Board on an annual basis and makes recommendations to the Board, where considered necessary, to ensure that the Board comprises a number of non-executive directors with an appropriate mix of skills and experience. Where necessary, the Committee seeks the advice of external advisers in connection with the suitability of applicants for Board membership. Details of the Nomination Committee members are set out on page 19 in this Report.</p>	Not applicable.

VIAGOLD CAPITAL LIMITED

CORPORATE GOVERNANCE STATEMENT (Continued)

No.	ASX Key Governance Principles	Compliance	Non-compliance
2	Structure the Board to add value (Continued)		
2.4		<p>The terms and conditions of appointment of non-executive directors are set out in a formal letter of appointment which deals with the following matters:</p> <ul style="list-style-type: none"> • duration of appointment (subject to the approval of the • remuneration; • expectations concerning preparation and attendance at Board meetings; • conflict resolution; and • the right to seek independent legal and professional advice (subject to prior approval of the Chairman). <p>The Committee also assesses and reviews the independence of all non-executive directors.</p>	
2.5	Companies should disclose the process for evaluating the performance of the Board, its committees and individual directors.	<p>The Charter of the Nomination Committee requires that it:</p> <ul style="list-style-type: none"> • annually reviews the composition of the Board; • assesses the independence of non-executive directors; • assesses the processes of the Board and Board committees; • assesses the Board's performance; • assesses each director's performance before the director stands for re-election; and • seeks advice of external advisors in connection with the suitability of applicants for Board membership. 	Not applicable.

VIAGOLD CAPITAL LIMITED

CORPORATE GOVERNANCE STATEMENT (Continued)

No.	ASX Key Governance Principles	Compliance	Non-compliance
2	Structure the board to add value (Continued)		
2.6	Companies should provide the information indicated in the Guide to reporting Principle 2.	The Company will continue to provide information concerning the directors, the independence of directors, the performance of the Board and the remuneration of its directors and an explanation of departures (if any) from the Key Principles recommendations 2.1 - 2.5 (inclusive) in its future annual reports.	Not applicable.
3	Promote ethical and responsible decision making		
3.1	<p>Establish a code of conduct and disclose the code or a summary of the code as to:</p> <p>(a) the practices necessary to maintain the confidence in the Company's integrity;</p> <p>(b) the practices necessary to take into account their legal obligations and the reasonable expectations of their stakeholders; and</p> <p>(c) the responsibility and accountability of individuals for reporting and investigating reports of unethical practices.</p>	<p>As part of the Board's commitment to the highest standard of conduct, the Company has adopted a Code of Conduct to guide executives, management and employees in carrying out their duties and responsibilities.</p> <p>The code of conduct covers such matters as:</p> <ul style="list-style-type: none"> • responsibilities to shareholders; • compliance with laws and regulations; • ethical responsibilities; • relations with customers and suppliers; • employment practices; and • responsibilities to the environment and the community. 	Not applicable.

VIAGOLD CAPITAL LIMITED

CORPORATE GOVERNANCE STATEMENT (Continued)

No.	ASX Key Governance Principles	Compliance	Non-compliance
3	Promote ethical and responsible decision making (Continued)		
3.2	Companies should establish a policy concerning trading in Company securities by directors, senior executives and employees, and disclose the policy or a summary of that policy.	<p>The Company's Share Trading Policy contains guidelines and restrictions concerning trading in the Company's securities.</p> <p>This Policy is published on the Company's website.</p>	Not applicable.
3.3	Companies should provide the information indicated in the Guide to reporting on Principle 3.	The Company will provide an explanation of departures (if any) from the Key Principles recommendations 3.1 - 3.2 (inclusive) in its future annual reports.	Not applicable.

VIAGOLD CAPITAL LIMITED

CORPORATE GOVERNANCE STATEMENT (Continued)

No.	ASX Key Governance Principles	Compliance	Non-compliance
4	Safeguard integrity in financial reporting		
4.1	The Board should establish an audit committee.	The Board has established an Audit Committee. The Audit Committee Charter adopted by the Board sets out its responsibilities. Details of the Audit Committee members are set out on page 19 in this Report.	Not applicable.
4.2	<p>The audit committee should be structured so that it:</p> <p>(a) consists only of non-executive directors;</p> <p>(b) consists of a majority of independent directors;</p> <p>(c) is chaired by an independent chair, who is not the chair of the Board; and</p> <p>(d) has at least 3 members.</p>	<p>The Audit Committee presently consists of two independent non-executive director, being Mr. Yan Wang and Mr. Fuchuan Guo (appointed on 29 September 2017). The Audit Committee provides a forum for the effective communication between the Board and external auditors. The audit committee reviews:</p> <ul style="list-style-type: none"> • the annual and half-year financial statements prior to their approval by the Board. • the effectiveness of management information systems and systems of internal control; • the appointment of external auditors; and • the efficiency and effectiveness of the external audit functions, including reviewing the relevant audit plans. 	<p>While not in accordance with the best practice recommendations, the Board is of the view that the experience and professionalism of the persons on the Committee is sufficient to ensure that all significant matters are addressed and actioned.</p> <p>The Company is also satisfied that the composition of the Audit Committee suits the present geographic diversity of the Company.</p>

VIAGOLD CAPITAL LIMITED

CORPORATE GOVERNANCE STATEMENT (Continued)

No.	ASX Key Governance Principles	Compliance	Non-compliance
4	Safeguard integrity in financial reporting (Continued)		
4.3	The audit committee should have a formal charter.	The Audit Committee has a formal charter.	Not applicable.
4.4	Companies should provide the information indicated in the Guide to reporting on Principle 4.	The Company will provide an explanation of departures (if any) from the Key Principles recommendations 4.1 - 4.3 (inclusive) in its future annual reports.	Not applicable.
5	Make timely and balanced disclosure		
5.1	Companies should establish written policies designed to ensure compliance with ASX Listing Rule disclosure requirements and to ensure accountability at a senior executive level for that compliance and disclose those policies or a summary of those policies.	<p>The Company's Board Charter and disclosure protocol set out the procedure for:</p> <ul style="list-style-type: none"> • protecting confidential information from unauthorised disclosure; • identifying price sensitive information; • reporting material price sensitive information to the company secretary for review; 	Not applicable.

VIAGOLD CAPITAL LIMITED

CORPORATE GOVERNANCE STATEMENT (Continued)

No.	ASX Key Governance Principles	Compliance	Non-compliance
5	Make timely and balanced disclosure (Continued)		
5.1		<ul style="list-style-type: none"> • ensuring the Company achieves best practice in complying with its continuous disclosure obligations under the Corporations Act and the ASX Listing Rules (including dealings and discussions with analysts, professional bodies, the media or customers); and • ensuring the Company and individual officers do not contravene the Corporations Act or the ASX Listing Rules (including restrictions on media interviews or presentations). The Board considers issues of continuous disclosure at each of its meetings. The Company also regularly reviews such matters as: • continuing education/provision of relevant parts of Listing Rules of Australian Stock Exchange Limited (the “ASX Listing Rules”); • the right of its officers to seek independent legal advice; • directors and officers insurance; • setting and promulgation of ethical standards; • auditing arrangements; 	

VIAGOLD CAPITAL LIMITED

CORPORATE GOVERNANCE STATEMENT (Continued)

No.	ASX Key Governance Principles	Compliance	Non-compliance
5	Make timely and balanced disclosure (Continued)		
5.1		<ul style="list-style-type: none"> • identification and management of business risks; • related party transactions; and • compliance with the ASX Listing Rules. <p>Mr. King Choi Leung, Peter and the local Australian agent, Mr. Chi Keung Chow, Herman have primary responsibility for all communications with the ASX in relation to the ASX Listing Rules matters.</p>	
5.2	Companies should provide the information indicated in the Guide to reporting on Principle 5.	The Company will provide an explanation of departures (if any) from Key Principles recommendations 5.1 in its future annual reports.	Not applicable.
6	Respect the rights of shareholders		
6.1	Companies should design a communication policy for promoting effective communication with shareholders and encouraging their participation at general meetings and disclose their policy or a summary of that policy.	<p>The Company places a high priority on communications with shareholders and is aware of the obligations as a listed company, under the Corporations Act and the ASX Listing Rules, to keep the market fully informed of information which is not generally available and which may have a material effect on the price or value of the Company's securities.</p> <p>Information is communicated to shareholders as follows:</p> <ul style="list-style-type: none"> • through the ASX company announcements platform; 	Not applicable.

VIAGOLD CAPITAL LIMITED

CORPORATE GOVERNANCE STATEMENT (Continued)

No.	ASX Key Governance Principles	Compliance	Non-compliance
6	Respect the rights of shareholders (Continued)		
6.1		<ul style="list-style-type: none"> • through notices of meetings of shareholders; and • by provision of documents that are released to the public on the Company's website. 	
6.2	Companies should provide the information indicated in the Guide to reporting on Principle 6.	The Company will provide an explanation of departures (if any) from the Key Principles recommendations 6.1 in its future annual reports.	Not applicable.
7	Recognise and manage risk		
7.1	Companies should establish policies for the oversight and management of material business risks and disclose a summary of those policies.	The Board is responsible for the Company's system of internal controls. The Board constantly monitors the operational and financial aspects of the Company's activities. Through the Audit Committee, the Board considers the recommendations and advice of external auditors and other advisers on the operational and financial risks that are facing the Company.	Not applicable.
7.2	The Board should require management to design and implement the risk management and internal control system to manage the Company's material business risks and report to it on whether those risks are being managed effectively. The Board should disclose that management has reported to it as to the effectiveness of the Company's management of its material business risks.	Where necessary, the Board ensures that its recommendations are investigated and appropriate action is taken to ensure that the Company has an appropriate internal control environment in place to manage the key risks identified. In addition, the Board investigates ways of enhancing existing risk management strategies, including appropriate segregation of duties, the employment and training of suitably qualified and experienced personnel.	Not applicable.

VIAGOLD CAPITAL LIMITED

CORPORATE GOVERNANCE STATEMENT (Continued)

No.	ASX Key Governance Principles	Compliance	Non-compliance
7	Recognise and manage risk (Continued)		
7.3	The Board should disclose whether it has received assurance from the Chief Executive Officer (or equivalent) and the Chief Financial Officer (or equivalent) that the declaration provided in accordance with section 295A of the Corporations Act is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks.	Prior to finalising the full year and half year financial statements and reports of the Company, the Audit Committee undertakes such investigations and reviews each year as it determines to be necessary to confirm the integrity of the financial reporting of the Company. Included in those steps, the Board requires the Chief Executive Officer and the Chief Financial Officer to make a statement (and sign off to the Board) on the management and internal controls of the Company and the financial reporting.	Not applicable.
7.4	The Board disclose whether it has any material exposure to economic, environmental and social sustainability risk and, if it does, how it manages or intends to manage those risks.	The Board recognizes the importance of ensuring the economic, environmental and social sustainability of the Company. The board monitors sustainability issues and works closely with management to establish best practice around environmental efficiency and waste; and collaborate closely with all stakeholders in setting sustainability objectives for product and services development.	Not applicable.
7.5	Companies should provide the information indicated in the Guide to reporting on Principle 7.	The Company will provide an explanation of departures (if any) from the Key Principles recommendations 7.1 - 7.4 (inclusive) in its future annual reports.	Not applicable.

VIAGOLD CAPITAL LIMITED

CORPORATE GOVERNANCE STATEMENT (Continued)

No.	ASX Key Governance Principles	Compliance	Non-compliance
8	Remunerate reasonably and fairly		
8.1	The Board should establish a remuneration committee.	The Board has a Remuneration Committee.	Not applicable.
8.2	<p>The remuneration committee should be structured so that it:</p> <p>(a) consists of a majority of independent directors;</p> <p>(b) is chaired by an independent chair,</p> <p>(c) has at least 3 members.</p>	<p>The Remuneration Committee presently consists of two independent non-executive director, being Mr. Yan Wang and Mr. Fuchuan Guo, and one executive director Mr. Changyuan Liao.</p> <p>Mr. Yan Wang is the chair of the committee.</p>	Not applicable.
8.3	Companies should clearly distinguish the structure of non-executive directors' remuneration from that of executive directors and senior executives.	<p>The remuneration of executive directors and senior executives are clearly distinguished in the annual report. Details of the Committee members are set out on page 19 in this report.</p> <p><i>Executive's remuneration</i></p> <p>Remuneration packages may contain any or all of the following:</p> <ul style="list-style-type: none"> • annual salary based on the relevant market; • ad hoc rewards, special payments and other measures available to reward individuals and teams following a particular outstanding business contribution; • a lump sum payment related to achievement of identified business drivers and personal key performance indicators measured over a year; and 	Not applicable.

VIAGOLD CAPITAL LIMITED

CORPORATE GOVERNANCE STATEMENT (Continued)

No.	ASX Key Governance Principles	Compliance	Non-compliance
8	Remunerate reasonably and fairly (Continued)		
8.3		<p>• other benefits such as holidays, sickness benefits, superannuation payments.</p> <p>The Remuneration Committee reviews the remuneration of executives every year and consider individual performance, comparative remuneration in the market and where appropriate, external advice. The Committee provides this information together with a recommendation to the Board for consideration.</p> <p>Director's remuneration</p> <p>Remuneration of the director is determined with regard to the Company's need to maintain appropriately experienced and qualified Board members and in accordance with competitive pressures in the marketplace. The Remuneration Committee may from time to time seek independent advice in relation to the remuneration of Board members and may make recommendations to members in relation to any total fee increase. The Board reviews directors' remuneration on annual basis.</p> <p>From time to time, the Board may ask individual director to devote extra time or to undertake extra duties. Directors who undertake these tasks at the Board's direction may receive extra amounts. Directors are also reimbursed for expenses associated with undertaking their duties.</p>	

VIAGOLD CAPITAL LIMITED

CORPORATE GOVERNANCE STATEMENT (Continued)

No.	ASX Key Governance Principles	Compliance	Non-compliance
8	Remunerate reasonably and fairly (Continued)		
8.4	<p>Companies which have equity based remuneration scheme should:</p> <p>(a) have a policy on whether participants are permitted to enter into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme; and</p> <p>(b) disclose that policy or a summary of it</p>	The Company has an employee share option scheme detail of the scheme, including movement in the share options granted should be stated in annual report of each fiscal year.	Not applicable.
8.5	Companies should provide the information indicated in the Guide to reporting on Principle 8.	The Company will provide and explanation of departures (if any) from the Key Principles recommendations 8.1 - 8.4 in its future annual reports.	Not applicable.

VIAGOLD CAPITAL LIMITED

CORPORATE GOVERNANCE STATEMENT (Continued)

Nomination Committee

The Board has established a Nomination Committee consisting of the following directors and officers:

Mr. Yan Wang
Mr. Changyuan Liao

Audit Committee

The Board has established an Audit Committee consisting of the following independent non-executive directors and officers:

Mr. Yan Wang
Mr. Fuchuan Guo

Corporate Governance Committee

The Board has established a Corporate Governance Committee consisting of the following directors and officers:

Mr. Yan Wang
Mr. Changyuan Liao

Remuneration Committee

The Board has established a Remuneration Committee consisting of the following directors and officers:

Mr. Yan Wang
Mr. Changyuan Liao
Mr. Fuchuan Guo

VIAGOLD CAPITAL LIMITED

CORPORATE GOVERNANCE STATEMENT (Continued)

Directors' emoluments

For the year ended 31 March 2019, the annual directors' remuneration are as follows:

Name of directors	Amount A\$'000
Dr. Longguang Shi	126
Ms. Mulei Shi	76
Mr. King Choi Leung	70
Mr. Changyuan Liao	-
Mr. Yan Wang	-
Mr. Fuchuan Guo	-
Mr. Xunchang Hu	-

VIAGOLD CAPITAL LIMITED

DIRECTORS' REPORT

The directors are pleased to present their annual report and the audited consolidated financial statements for the year ended 31 March 2019.

PRINCIPAL ACTIVITIES AND BUSINESS ANALYSIS OF OPERATIONS

The Company acts as an investment holding company. The subsidiaries of the Company are principally engaged in investment holdings, leasing and capital financing, rare earths industry as well as consultancy and management services to educational institutions. Details of the Company's subsidiaries are set out in note 32 to the consolidated financial statements.

An analysis of the Group's performance for the year by operating segment is set out in note 5 to the consolidated financial statements.

DIRECTORS

The directors of the Company during the year and up to the date of this report are:

Executive directors:

Ms. Mulei Shi (Chief Executive Officer)
Mr. King Choi Leung
Mr. Changyuan Liao

Non-executive directors:

Dr. Longguang Shi (Chairman)

Independent non-executive directors:

Mr. Yan Wang
Mr. Fuchuan Guo
Mr. Xunchang Hu

In accordance with Article 19.1 of the Company's Bye-Laws, Dr. Longguang Shi and Mr. King Choi Leung retire from office by rotation at the forthcoming annual general meeting and, being eligible, offer themselves for re-election.

All of the remaining directors, including the non-executive directors, are subject to retirement by rotation in accordance with the Company's Bye-Laws.

VIAGOLD CAPITAL LIMITED

DIRECTORS' REPORT (Continued)

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

VIAGOLD - MANAGEMENT TEAM

Chairman and Non-Executive Director - Dr. Longguang Shi

Dr. Longguang Shi was appointed as Chairman and non-executive director of the Company in September 2010. Dr. Shi is the founder and chairman of LongDa Education Management Group. He is life-long engaged in education carrier for over 30 years. Dr. Shi is engaging in both vocational and competence training education, providing professional consulting and management services to vocational education schools and developing education related businesses. Dr. Shi has a doctorate degree in Business Administration and Philosophy, a master degree in Economics and an MBA degree. Dr. Shi is also the vice-chairman of numerous Provincial and Municipal higher education associations.

CEO and Executive Director- Ms. Mulei Shi

Ms. Mulei Shi was appointed as CEO and executive director of the Company in October 2010. Ms. Shi holds a bachelor degree in Economic and Law and an MBA concentrated in Finance from the United States. She served in a top investment bank in New York and worked in a large global enterprise - Konka Group, the giant manufacturer of electronic products that is listed in the Shenzhen Stock Exchange (Code: 000016 Shenzhen B Shares). She is the vice-principal of a Zhuhai vocational school and achieved rich management experience. Additionally, she is also the executive director of the Association of Young Entrepreneurs, Guangdong Province.

CFO, Executive Director and Company Secretary- Mr. King Choi Leung

Mr. Leung was appointed as CFO and executive director of the Company in October 2010 and as Company secretary in August 2015. Mr. Leung has 15 years banking experience and was formerly a corporate banking manager of BNP-Paribas. He has over 20 years experience in management. He had been the executive director of Maytex Group; the deputy president of the Deans brand apparel company in New York (a large US fashion importer) and the Finance Director of Digital City Hong Kong Limited. Mr. Leung holds an Honors Business Administration (HBA) degree from the Richard Ivey Business School of the University of Western Ontario, Canada.

Executive Director - Mr. Changyuan Liao

Mr. Changyuan Liao, age 53, an MBA from Royal Roads University, British Columbia, Canada, is one of the co-founders and chairman of the Administrative Committee of Ling Ge Art Foundation established in Macao, China. He is vice-chairman of Maoming Jinshen Mining Company Limited, a subsidiary of Rising Nonferrous Metals Share Co., Ltd which is a listed company listed on the Shanghai Stock Exchange (Code: 600259). He had serviced in the People's Bank of China, Zhuhai branch and had been the legal representative and general manager of Urban Credit Cooperatives of Doumen District, Zhuhai, Guangdong Province, China and chairman of Shenzhen Xingbang Investment Co., Limited. Mr. Liao has over 30 years business management experience in finance and the rare earth mining sectors.

VIAGOLD CAPITAL LIMITED

DIRECTORS' REPORT (Continued)

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT (Continued)

VIAGOLD - MANAGEMENT TEAM (Continued)

Independent Non-Executive Director - Mr. Yan Wang

Mr. Yan Wang serves as an Independent Non-Executive Director of the Group since 17 September 2012. Mr. Wang is an economist by training and has consulted to a number of international companies with operations in China. He has held executive management positions as Managing Director of Nanda High Tech VC Company. Prior to that he was Deputy Managing Director of Jiangsu Far East International Assessment Company both of these are located in Jiangsu Province of China. Mr. Wang holds a bachelors degree from Hohai University, Nanjing.

Independent Non-Executive Director - Mr. Fuchuan Guo

Mr. Fuchuan Guo, age 52, graduated from the Guangdong University of Finance in China and major in Urban Finance, Mr. Guo holds Registered Qualification Certificate of Enterprise Legal Advisor of the People's Republic of China and Certificate of Accounting Profession. Mr. Guo has over 30 years experience in credit management, risk control, financial management, legal affairs and asset assessment. He is deputy General Manager of Guolianghang Assets Appraisal Company Limited. He had served as Section Chief of credit department at Jialing Branch of the Industrial and Commercial Bank of China and Chief Financial Officer of Shenzhen Baixinbai Investment Company Limited.

Independent Non-Executive Director - Mr. Xunchang Hu

Mr. Xunchang Hu, age 58, senior engineer and Assistant to General Manager of Guangdong Rare Earth Industry Group Limited which is one of the largest scale state-owned rare earth groups in China. Mr. HU holds a Bachelor Degree in Engineering from Jiangxi University of Science and Technology and major in non-ferrous metallurgy, and had served as Director of Marketing and Production Operations in the Guangdong rising Nonferrous Metal Co., Ltd which is listed on Shanghai Stock Exchange (Code: 600259) from November 2007 to September 2014. Before that, he had also served in Jiujiang Tanbre's Smeltery, Jiangxi Province, and the Bureau of Land and resources of Jiujiang County. Mr. Hu's has over 30 years business management experience in non-ferrous metals and rare earth sectors, especially in the aspect of trade and processing of rare earth and applications of the technologies of the new materials.

COMPANY SECRETARY

Mr. King Choi Leung (see Biographical Details of Directors on page 22 of this report)

VIAGOLD CAPITAL LIMITED

DIRECTORS' REPORT (Continued)

INDEMNIFICATION OF DIRECTORS AND OFFICERS

Pursuant to the Company's Bye-Law 39 and a special resolution passed at the Annual General Meeting of Shareholders held on 24 May 2002, the Company shall pay or agree to pay a premium in respect of a policy insuring any person who is, or has been, an officer of the Company or a subsidiary of the Company against any liability in respect of which the Company would be required to indemnify such person pursuant to Bye-Law 39; and despite anything to the contrary expressed or implied in these Bye-Laws, each director will, so long as and to the extent that his interest under any such contract of insurance which is under consideration by the directors is that of an insured party, be deemed to have declared his interest pursuant to Bye-Law 18.10(g) in respect thereof, and shall be entitled to vote and be counted in the quorum on any resolution of the Board in respect thereof even though such director may be materially interested therein.

MEETINGS OF DIRECTORS

The attendance of the directors at Board meetings for the financial year is as follows:

Directors	Held	Attended
Dr. Longguang Shi	7	7
Ms. Mulei Shi	7	7
Mr. King Choi Leung	7	6
Mr. Changyuan Liao	7	7
Mr. Yan Wang	7	7
Mr. Fuchuan Guo	7	7
Mr. Xunchang Hu	7	6

RESULTS

The results of the Group for the year ended 31 March 2019 are set out in the consolidated statement of profit or loss and consolidated statement of profit or loss and other comprehensive income on pages 39 and 40. The directors do not recommend the payment of a dividend.

FIXED ASSETS

Details of the movements in the fixed assets of the Group during the year are set out in note 14 to the consolidated financial statements.

SHARE CAPITAL

Details of the movements in the share capital of the Company during the year are set out in note 23 to the consolidated financial statements.

VIAGOLD CAPITAL LIMITED

DIRECTORS' REPORT (Continued)

SIGNIFICANT EVENTS AFTER THE END OF THE REPORTING PERIOD

No matter or circumstance has arisen since 31 March 2019 that has 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 the coming financial year.

DIRECTORS' INTERESTS IN SHARES AND SHARE OPTIONS

(i) Shares

At 31 March 2019, the interests of the Company's directors and their associates in the issued share capital are as follows:

Name	Number of shares held	
	Personal interests	Corporate interests
Dr. Longguang Shi	-	6,000,000
Ms. Mulei Shi	-	4,000,000
Mr. King Choi Leung	150,000	-

Note:

Dr. Longguan Shi and Ms. Mulei Shi are the beneficial owners of Capital Luck Group Limited.

(ii) Share options

Employee share option scheme

On 19 December 2007, ordinary resolutions were passed by the shareholders at the annual general meeting to approve the adoption of a new share option scheme (the "New Scheme") and the termination of the old share scheme (the "Old Scheme") which were adopted on 28 November 1995.

The Company changed the share option scheme because of the limited participation by senior management, employees and director provided by the Old Scheme. Under the New Scheme, it offers a wider participation by directors, employees, management, contractors and consultant.

The participants of New Scheme are the employee of the Company. No option may be issued to a person under the plan unless the person remains as an employee as at the date of grant, or the Plan Committee determines otherwise.

VIAGOLD CAPITAL LIMITED

DIRECTORS' REPORT (Continued)

DIRECTORS' INTERESTS IN SHARES AND SHARE OPTIONS (Continued)

(ii) Share options (Continued)

Employee share option scheme (Continued)

The employee means:

- (a) an individual whom the Plan Committee determines to be in the full-time or part-time employment of a body corporate in the Group (including any employee on parental leave, long service leave or other special leave as approved by the Plan Committee);
- (b) a director of a body corporate in the Group;
- (c) a director of the Company;
- (d) an individual who provides services to a body corporate in the Group whom the Plan Committee determines to be an employee for the purposes of the Plan;
- (e) an individual whose associate (as that expression is defined in section 139GE of the Income Tax Assessment Act 1936) provides services to a body corporate in the Group, which individual the Plan Committee determines to be an employee for the purposes of the Plan; or
- (f) an individual otherwise in the employment of a body corporate in the Group whom the Plan Committee determines to be an employee for the purposes of the Plan.

The total number of shares in respect of which option may be granted under the New Scheme is not permitted to exceed 10% of the total number of issued shares in the Company as at the date of the offer.

The option granted under the New Scheme will be non-transferable, it means that they cannot be sold, transferred, mortgaged, charged or otherwise disposed of or dealt with by the participant prior to exercise except as permitted under Rule 10.3 which are stated as follows.

VIAGOLD CAPITAL LIMITED

DIRECTORS' REPORT (Continued)

DIRECTORS' INTERESTS IN SHARES AND SHARE OPTIONS (Continued)

(ii) Share options (Continued)

Employee share option scheme (Continued)

Rule 10.3 stated that Options may be transferred, by an instrument of transfer, in the following circumstances only:

- (a) a transfer constituting the necessary transfer documents following an acceptance of an offer made under an off-market bid relating to options;
- (b) a transfer to a bidder on the sale of the Options under any provision of an applicable law that entitles the bidder to compulsorily acquire the options;
- (c) a transfer to a 100% holder of shares on the sales of the options under any provision of an applicable law that requires the holder to compulsorily acquire the options;
- (d) a transfer under any provision of an applicable law to any person required to acquire the options, if offered for sales, under such provision of the applicable law;
- (e) a transfer in accordance with a scheme of arrangement relating to the options which has become binding in accordance with the provisions of any applicable law;
- (f) if approved by the Board, which approval must not be unreasonably withheld or delayed, a transfer to a related entity of the Participant; or
- (g) any other transfer approved by the Board, which approval may be withheld or delayed or be made subject to conditions at the absolute discretion of the board.

Options will be issued for consideration comprising the services that are expected to be provided by an eligible employee to or for the benefit of the Group but no further monetary or other consideration will be payable in respect of the issue of an option.

The exercise price in respect of an option is as determined by the Plan Committee and must be denominated and payable in Australian dollars.

The New Share Scheme was approved by the shareholders of the Company on 19 December 2007.

VIAGOLD CAPITAL LIMITED

DIRECTORS' REPORT

DIRECTORS' INTERESTS IN SHARES AND SHARE OPTIONS (Continued)

(ii) Share options (Continued)

Employee share option scheme (Continued)

Movements in the share options granted are set out below:

Eligible person	Balance as at 1 April 2018	Number of underlying shares				Exercise price per share SA	Date of grant (dd/mm/yyyy)	Exercisable period (dd/mm/yyyy)
		Granted during the year	Exercised during the year	Cancelled during the year	Lapsed during the year			
Employees	130,000	-	-	-	(130,000)	2	19/12/2007	08/04/2008- 08/04/2018
Consultants	1,218,792	-	-	-	(1,218,792)	2	19/12/2007	08/04/2008- 08/04/2018
Former directors								
Mr. Jack Chik Ming Chu	100,000	-	-	-	(100,000)	2	19/12/2007	08/04/2008- 08/04/2018
Mr. Pierre Seligman	100,000	-	-	-	(100,000)	2	19/12/2007	08/04/2008- 08/04/2018
Mr. William Kam Biu Tam	50,000	-	-	-	(50,000)	2	19/12/2007	08/04/2008- 08/04/2018
Mr. Cheong Sao Tai	50,000	-	-	-	(50,000)	2	19/12/2007	08/04/2008- 08/04/2018
Mr. Henry Chang Manayan	50,000	-	-	-	(50,000)	2	19/12/2007	17/12/2008- 08/04/2018
Mr. James Anthony Wigginton	50,000	-	-	-	(50,000)	2	19/12/2007	08/04/2008- 08/04/2018
Total	1,748,792	-	-	-	(1,748,792)	-		

The Company adopts the Binomial Option Pricing Model for estimating the fair value of share options issued under the Share Option Scheme. The model is one of the commonly used models to estimate the fair value of a share option which can be exercised before the expiry of the option period.

VIAGOLD CAPITAL LIMITED

DIRECTORS' REPORT (Continued)

DIRECTORS' INTERESTS IN SHARES AND SHARE OPTIONS (Continued)

(ii) Share options (Continued)

Employee share option scheme (Continued)

Significant assumptions are used in the Binomial Option Pricing Model to estimate the value of the share option granted on the grant date, taking into account the following factors:

- Risk-free interest rate - the yields of Australian Government Bonds.
- Expected volatility - the historical volatility of the share prices of the Company.

Binomial Option Pricing Model is subject to certain fundamental limitations because of the subjective nature of and uncertainty relating to the assumptions and inputs to the model as well as certain inherent limitation of the model itself. Any changes in the above assumptions or inputs may materially affect the fair value estimation.

Consultant is classified as employee under the New Scheme.

ARRANGEMENTS TO PURCHASE SHARES OR DEBENTURES

At no time during the year was the Company, its ultimate holding company, any of its subsidiaries or fellow subsidiaries a party to any arrangements to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

DIRECTORS' INTERESTS IN CONTRACTS OF SIGNIFICANCE

Other than as disclosed in note 30 to the consolidated financial statements, no other contract of significance in relation to the Group's business to which the Company, its ultimate holding company, or any of its subsidiaries or its fellow subsidiaries was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

VIAGOLD CAPITAL LIMITED

DIRECTORS' REPORT (Continued)

DIRECTORS' BENEFITS

Other than as disclosed in note 9 to the consolidated financial statements, during the year, no director of the Company has received or become entitled to receive a benefit because of a contract that the director or a firm of which the director is a member or a company in which the director has a substantial financial interest made with the Company or a company that the Company controlled, or a body corporate that was related to the Company, when the contract was made or when the director received, or became entitled to receive the benefit.

PRE-EMPTIVE RIGHTS

There is no provision for pre-emptive rights under the Company's Bye-Laws, or the laws of Bermuda which would oblige the Company to offer new shares on a pro-rata basis to existing shareholders.

AUDITOR

The consolidated financial statements have been audited by Messrs. KTC Partners CPA Limited, who will retire at the forthcoming annual general meeting and, being eligible, offer themselves for re-appointment.

On behalf of the Board



Longguang Shi
Chairman

21 June 2019

VIAGOLD CAPITAL LIMITED

DIRECTORS' DECLARATION

The directors of the Company declare that, for the year ended 31 March 2019:

- 1 The attached consolidated financial statements and notes thereto as set out on pages 39 to 110:
 - (a) comply with the International Financial Reporting Standards; and
 - (b) present fairly of the Group's financial position as at 31 March 2019 and of its performance for the financial year then ended.
- 2 In the directors' opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed on behalf of and in accordance with a resolution of Board of directors.



Mulei Shi
Director

21 June 2019

INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF VIAGOLD CAPITAL LIMITED

(Incorporated in Bermuda with limited liability)

Opinion

We have audited the consolidated financial statements of VIAGOLD CAPITAL LIMITED (the "Company") and its subsidiaries ("the Group") set out on pages 39 to 110, which comprise the consolidated statement of financial position as at 31 March 2019, and the consolidated statement of profit or loss, consolidated statement of other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 March 2019, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRSs").

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants ("the Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

INDEPENDENT AUDITOR'S REPORT

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter

How the matter was addressed in our audit

Goodwill

Refer to note 17 in the consolidated financial statements

<p>The goodwill relating to the acquisition of subsidiaries in rare earth refining and separation segment was fully impaired during the year.</p> <p>On an annual basis, management are required to perform an impairment assessment for goodwill, this assessment involves significant management judgment in the application of valuation models and assumptions.</p> <p>As a consequence, there is a greater risk of misstatement in these balances, either by fraud or error, including through the potential override of controls by management.</p> <p>Management performed the valuation for the recoverable amount of the cash-generating unit of which the goodwill was allocated to and has concluded that the goodwill should fully impaired during the year. This conclusion was based on a value in use model that required significant management judgment with respect to the discount rate and the underlying cash flows, in particular future revenue growth.</p>	<p>Our procedures in relation to management's impairment assessment included:</p> <ul style="list-style-type: none"> - assessing the valuation methodology in the valuation report supporting goodwill with the management; - challenging the reasonableness of key assumptions based on our knowledge of the business and industry; and - reconciling input data to supporting evidence, such as approved budgets and considering the reasonableness of these budgets.
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INDEPENDENT AUDITOR'S REPORT

Key Audit Matters (Continued)

<u>Key Audit Matter</u>	<u>How the matter was addressed in our audit</u>
<p><i>Valuation of inventories</i></p> <p>Refer to note 20 in the consolidated financial statements</p>	
<p>We identified the valuation of inventories as a key audit matter due to its significance to the consolidated financial statements and the inventory costing models require significant estimates to calculate the cost of the inventory and net realisable value (“NRV”).</p> <p>The determination of the NRV of the inventory requires management’s judgement in relation to considers prices recently paid for similar assets, with adjustments made to the indicated market prices to reflect condition and utility of the appraised assets relative to the market comparative.</p>	<p>Our procedures in relation to assessing the valuation of the inventories :</p> <ul style="list-style-type: none"> - assessing the model applied by the Group in determining the NRV for inventory against the requirements of the International Accounting Standards; - obtaining management’s valuation reports and agreeing the quantity included in the inventory costing models as at 31 March 2019; - evaluating the processes undertaken by the expert in preparing the valuation reports; - assessing the competency and objectivity of the expert used by management in the preparation of the valuation reports; - comparing the recent price of the inventories used in management’s models to current rare earth data; and - assessing the adequacy of the related disclosures in Note 20 to the financial statements.

INDEPENDENT AUDITOR'S REPORT

Key Audit Matters (Continued)

Key Audit Matter	How the matter was addressed in our audit
<p><i>Provision for expected credit losses ("ECL") of trade receivables</i></p> <p>Refer to notes 3.2 and 19 in the consolidated financial statements</p>	
<p>ECL for trade receivables are based on management's estimate of the lifetime ECL to be incurred, which is estimated by taking into account the credit loss experience, ageing of overdue trade receivables, customers' repayment history and customers' financial position and an assessment of both the current and forecast general economic conditions, all of which involve a significant degree of management judgment.</p> <p>We have identified ECL assessment of trade receivables as a key audit matter because the assessing ECL of trade receivables is a subjective area as it requires the management's judgment and uses of estimates.</p> <p>At 31 March 2019, the carrying amount of trade receivables is approximately A\$7,340,000 (net of allowance for doubtful debts of approximately A\$1,824,000).</p>	<p>Our procedures in relation to management's ECL assessment on trade receivables included:</p> <ul style="list-style-type: none"> - reviewing and assessing the application of the Group's policy for calculating the ECL; - evaluation techniques and methodology in the ECL model against the requirements of IFRS 9; - assessing the reasonableness of management's loss allowance estimates by examining the information used by management to form such judgements, including testing the accuracy of the historical default data, evaluating whether the historical loss rates are appropriately adjusted based on current economic conditions and forwardlooking information and examining the actual losses recorded during the current financial year and assessing whether there was an indication of management bias when recognising loss allowances; - inquiring of management for the status of each of the material trade receivables past due as at year end and corroborating explanations from management with supporting evidence, such as understanding on-going business relationship with the customers based on trade records, checking historical and subsequent settlement records of and other correspondence with the customers;

INDEPENDENT AUDITOR'S REPORT

Key Audit Matters (Continued)

Key Audit Matter

How the matter was addressed in our audit

Provision for expected credit losses ("ECL") of trade receivables (Continued)

Refer to notes 3.2 and 19 in the consolidated financial statements

	<ul style="list-style-type: none">- evaluating the design, implementation and operating effectiveness of key internal controls which govern credit control, debt collection and estimation of ECL; and- checking, on a sample basis, the ageing profile of the trade receivables as at 31 March 2019 to the underlying financial records and post year-end settlement to bank receipts.
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Other information

The directors of the Company are responsible for the other information. The other information comprises the information included in the annual report but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Directors and the Audit Committee for the Consolidated Financial Statements

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with IFRSs, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, 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 the 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.

The directors are assisted by the Audit Committee in discharging their responsibilities for overseeing the Group's financial reporting process.

INDEPENDENT AUDITOR'S REPORT

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. This report is made solely to you, as a body, in accordance with section 90 of the Bermuda Companies Act 1981 and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. 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.
- Obtain an understanding of internal control relevant to the audit 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 Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- 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 consolidated financial statements 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.

INDEPENDENT AUDITOR'S REPORT

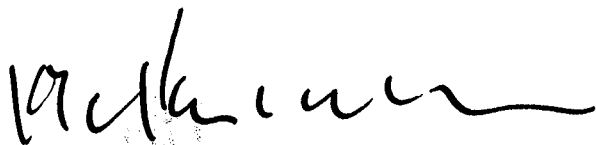
Auditor's Responsibilities for the Audit of the Consolidated Financial Statements (Continued)

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

We communicate with the Audit Committee 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.

We also provide the Audit Committee 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 Audit Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the 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.



KTC Partners CPA Limited
Certified Public Accountants (Practising)

Chow Yiu Wah, Joseph
Audit Engagement Director
Practising Certificate Number: P04686

Hong Kong
21 June 2019

VIAGOLD CAPITAL LIMITED

CONSOLIDATED STATEMENT OF PROFIT OR LOSS **For the year ended 31 March 2019**

	Note	2019 A\$'000	2018 A\$'000
Turnover	5	27,397	35,597
Cost of services and sales		<u>(28,446)</u>	<u>(33,390)</u>
Gross (loss)/profit		(1,049)	2,207
Other income	6	75	266
Administrative expenses		(3,075)	(3,349)
Write-off of inventories		(21,440)	-
Impairment loss on interest in an associate		-	(191)
Impairment loss on goodwill		(2,816)	-
Share of result of an associate		(149)	29
Finance costs	7	<u>(47)</u>	<u>(112)</u>
Loss before income tax	8	(28,501)	(1,150)
Income tax credit/(expenses)	11	<u>5,341</u>	<u>(203)</u>
Loss for the year		<u><u>(23,160)</u></u>	<u><u>(1,353)</u></u>
Attributable to:			
Equity holders of the Company		(3,003)	(1,126)
Non-controlling interests		<u>(20,157)</u>	<u>(227)</u>
		<u><u>(23,160)</u></u>	<u><u>(1,353)</u></u>
Loss per share attributable to the equity holders of the Company	13		
- Basic		<u>(A\$0.07)</u>	<u>(A\$0.03)</u>
- Diluted		<u><u>(A\$0.07)</u></u>	<u><u>(A\$0.03)</u></u>

The notes on pages 45 to 110 form an integral part of these consolidated financial statements.

VIAGOLD CAPITAL LIMITED

CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2019

	2019 A\$'000	2018 A\$'000
Loss for the year	(23,160)	(1,353)
Other comprehensive (loss)/income for the year		
Items that may be reclassified subsequently to profit or loss		
Exchange difference arising in		
translation of foreign operations	(184)	1,518
Fair value loss on financial assets at fair value		
through other comprehensive income	(381)	-
Total comprehensive income for the year	<u>(23,725)</u>	<u>165</u>
Total comprehensive income attributable to:		
Equity holders of the Company	(3,013)	(566)
Non-controlling interests	(20,712)	731
	<u>(23,725)</u>	<u>165</u>

The notes on pages 45 to 110 form an integral part of these consolidated financial statements.

VIAGOLD CAPITAL LIMITED

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2019

	Note	2019 A\$'000	2018 A\$'000
ASSETS			
Non-current assets			
Fixed assets	14		
- Investment property		497	537
- Plant and equipment		7,759	8,752
Land use rights	15	4,415	4,421
Interests in an associate	16	188	337
Goodwill	17	-	2,856
Financial assets at fair value	18		
through other comprehensive income		1,913	-
Available-for-sale financial assets	18	-	2,278
		<u>14,772</u>	<u>19,181</u>
Current assets			
Trade and other receivables	19	24,825	21,270
Inventories	20	46,816	69,087
Pledged bank deposits	21	140	1,036
Cash and cash equivalents	22	926	923
		<u>72,707</u>	<u>92,316</u>
Total assets		<u><u>87,479</u></u>	<u><u>111,497</u></u>

The notes on pages 45 to 110 form an integral part of these consolidated financial statements.

VIAGOLD CAPITAL LIMITED

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Continued)

As at 31 March 2019

	Note	2019 AS'000	2018 AS'000
CAPITAL AND RESERVES			
Equity			
Share capital	23	8,331	8,331
Reserves		<u>1,648</u>	<u>8,615</u>
Capital and reserves attributable to the equity holders of the Company		9,979	16,946
Non-controlling interests		<u>12,362</u>	<u>33,074</u>
Total equity		22,341	50,020
LIABILITIES			
Non-current liabilities			
Deferred tax liabilities	25	<u>7,477</u>	<u>12,820</u>
Current liabilities			
Trade and other payables	26	57,513	46,548
Contract liabilities	27	112	-
Tax payable		36	36
Short-term bank borrowing	28	<u>-</u>	<u>2,073</u>
		<u>57,661</u>	<u>48,657</u>
Net current assets		<u>15,046</u>	<u>43,659</u>
Total equity and liabilities		<u>87,479</u>	<u>111,497</u>

The consolidated financial statements on pages 39 to 110 were approved and authorised for issue by the board of directors on 21 June 2019 and are signed on its behalf by:


Longguang Shi
Director


Mulei Shi
Director

The notes on pages 45 to 110 form an integral part of these consolidated financial statements.

VIAGOLD CAPITAL LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the year ended 31 March 2019

	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	
As at 1 April 2017	8,031	43,445	(27,786)	47,645	1,440	2,949	-	(59,277)	16,447	32,343	48,790
- Total comprehensive income for the year	-	-	560	-	-	-	-	(1,126)	(566)	731	165
Transactions with equity holders in their capacity	8,031	43,445	(27,226)	47,645	1,440	2,949	-	(60,403)	15,881	33,074	48,955
- Issuance of shares by exercise of warrants	300	885	-	-	(120)	-	-	-	1,065	-	1,065
- Transfer of warrant reserve upon lapse of warrants	-	-	-	-	(240)	-	-	240	-	-	-
- Transfer of share-based compensation reserve upon lapse of share options	-	-	-	-	-	(1,242)	-	1,242	-	-	-
As at 31 March 2018	8,331	44,330	(27,226)	47,645	1,080	1,707	-	(58,921)	16,946	33,074	50,020
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 IFRS 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

Under the Companies Act 1981 of Bermuda (as amended), the contributed surplus of the Company is available for distribution. However, the Company cannot declare or pay a dividend, or make a distribution out of contributed surplus if:

- it is, or would after the payment be, unable to pay its liabilities as they become due; or
- the realisable value of its assets would thereby be less than the aggregate of its liabilities and its issued share capital and share premium accounts.

The notes on pages 45 to 110 form an integral part of these consolidated financial statements.

VIAGOLD CAPITAL LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 March 2019

	Note	2019 A\$'000	2018 A\$'000
Operating activities			
Net cash generated from/(used in) operating activities	29(a)	<u>1,380</u>	<u>(2,971)</u>
Investing activities			
Purchase of fixed assets	14	(233)	(1,081)
Purchase of available-for-sale financial assets		-	(481)
Proceeds from disposal of plant and equipment		89	203
Interest received		<u>31</u>	<u>54</u>
Net cash used in investing activities		<u>(113)</u>	<u>(1,305)</u>
Financing activities			
Interest paid		(47)	(112)
Decrease/(increase) of pledged fixed deposits		886	(474)
Repayment of bank loans		(2,043)	-
Proceeds from bank loans		-	2,073
Proceeds from issuance of new shares by exercise of warrants		<u>-</u>	<u>1,065</u>
Net cash (used in)/generated from financing activities		<u>(1,204)</u>	<u>2,552</u>
Net increase/(decrease) in cash and cash equivalents		63	(1,724)
Cash and cash equivalents at the beginning of the year		923	1,374
Effect of foreign exchange rate change, net		<u>(60)</u>	<u>1,273</u>
Cash and cash equivalents at the end of the year	22	<u><u>926</u></u>	<u><u>923</u></u>

The notes on pages 45 to 110 form an integral part of these consolidated financial statements.

VIAGOLD CAPITAL LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2019

1. General information

ViaGOLD Capital Limited (the "Company") was incorporated in Bermuda as an exempted company with limited liability and its shares are listed on the Australian Securities Exchange Limited (the "ASX"). The addresses of the registered office and principal place of business of the Company are disclosed on page 113.

The Company and its subsidiaries (together the "Group") are principally engaged in investment holding, rare earth refining and separation, leasing and capital financing services, and consultancy and management services to educational institutions. Details of the activities of the Company's principal subsidiaries are set out in note 32.

These consolidated financial statements are presented in units of Australian Dollars (A\$), unless otherwise stated. These consolidated financial statements were approved for issue by the Board of Directors on 21 June 2019.

2. Significant accounting policies

2.1. Basis of preparation of financial statements

The consolidated financial statements of the Company have been prepared in accordance with International Financial Reporting Standards and IFRIC interpretations ("IFRSs") issued by the International Accounting Standards Board ("IASB"). The consolidated financial statements have been prepared under the historical cost convention.

These consolidated financial statements have been prepared under the accrual basis of accounting and on the basis that the Group is a going concern.

The preparation of financial statements in conformity with IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in note 4.

VIAGOLD CAPITAL LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 March 2019

2. Significant accounting policies (Continued)

2.1. Basis of preparation of financial statements (Continued)

Application of new and revised IFRSs

In the current year, the Group has applied the following new and revised standards, amendments and interpretations ("new and revised IFRSs") which are or have become effective.

IFRS 9	Financial Instruments
IFRS 15	Revenue from Contracts with Customers and the related Amendments
Amendments to IFRS 15	Clarifications to IFRS 15 Revenue from Contracts with Customers
IFRIC-Int 22	Foreign Currency Transactions and Advance Consideration
Amendments to IFRS 2	Classification and Measurement of Share-based Payment
Amendments to IAS 28	As part of the Annual Improvements to IFRSs 2014–2016 Cycle
Amendments to IAS 40	Transfers of Investment Property

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period, except for the amendments to IFRS 9, Prepayment features with negative compensation which have been adopted at the same time as IFRS 9.

IFRS 9, Financial instruments, including the amendments to IFRS 9, Prepayment features with negative compensation

IFRS 9 replaces IAS 39, Financial instruments: recognition and measurement. It sets out the requirements for recognising and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items.

The Group has applied IFRS 9 retrospectively to items that existed at 1 April 2018 in accordance with the transition requirements. The Group has recognised the cumulative effect of initial application as an adjustment to the opening equity at 1 April 2018. Therefore, comparative information continues to be reported under IAS 39.

There is no impact of transition to IFRS 9 on accumulated losses at 1 April 2018.

Further details of the nature and effect of the changes to previous accounting policies and the transition approach are set out below:

VIAGOLD CAPITAL LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 March 2019

2. Significant accounting policies (Continued)

2.1. Basis of preparation of financial statements (Continued)

IFRS 9, Financial instruments, including the amendments to IFRS 9, Prepayment features with negative compensation (Continued)

a. Classification of financial assets and financial liabilities

IFRS 9 categorises financial assets into three principal classification categories: measured at amortised cost, at fair value through other comprehensive income (“FVOCI”) and at fair value through profit or loss (“FVPL”). These supersede IAS 39’s categories of held-to-maturity investments, loans and receivables, available-for-sale financial assets and financial assets measured at FVPL. The classification of financial assets under IFRS 9 is based on the business model under which the financial asset is managed and its contractual cash flow characteristics. Under IFRS 9, derivatives embedded in contracts where the host is a financial asset in the scope of the standard are not separated from the host. Instead, the hybrid instrument as a whole is assessed for classification.

The reclassifications made to balances recognised in the consolidated statement of financial position at the date of initial application (1 April 2018) are summarised as follows:

	Carrying amount as at 31 March 2018 under IAS 39 A\$'000	Reclassification and remeasurement A\$'000	Carrying amount as at 1 April 2018 under IFRS 9 A\$'000
Consolidation financial position			
Available-for-sale financial assets	2,278	(2,278)	-
Investment revaluation reserve	-	381	381
Financial assets at FVOCI	-	1,897	1,897
Trade and other receivables	21,270	(3,954)	17,316
Accumulated losses	58,921	3,954	62,875

The Group’s trade and other receivables and bank balances and cash are reclassified from loans and receivables to financial assets carried at amortised cost under IFRS 9.

The measurement categories for all financial liabilities remain the same.

The carrying amounts for all financial assets and liabilities at 1 April 2018 have not been impacted by the initial application of IFRS 9.

The Group did not designate or de-designate any financial asset or financial liability at FVPL at 1 April 2018.

VIAGOLD CAPITAL LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 March 2019

2. Significant accounting policies (Continued)

2.1. Basis of preparation of financial statements (Continued)

IFRS 9, Financial instruments, including the amendments to IFRS 9, Prepayment features with negative compensation (Continued)

b. Impairment of financial assets

IFRS 9 replaces the “incurred loss” model in IAS 39 with the “expected credit loss” (“ECL ”) model. The ECL model requires an ongoing measurement of credit risk associated with a financial asset and therefore recognises ECLs earlier than under the “incurred loss” accounting model in IAS 39.

The Group applies the new ECL model to financial assets measured at amortised cost (including trade and other receivables and bank balances and cash).

The Group recognises that there will be not any material impact in the ECLs of the Group due to the change in accounting policy.

c. Transition

Changes in accounting policies resulting from the adoption of IFRS 9 have been applied retrospectively, except as described below:

- Information relating to comparative periods has not been restated. Differences in the carrying amounts of financial assets resulting from the adoption of IFRS 9 are recognised in accumulated losses and reserves as at 1 April 2018. Accordingly, the information presented for 2017 continues to be reported under IAS 39 and thus may not be comparable with the current period.
- If, at the date of initial application, the assessment of whether there has been a significant increase in credit risk since initial recognition would have involved undue cost or effort, a lifetime ECL has been recognised for that financial instrument.

IFRS 15, Revenue from contracts with customers

IFRS 15 establishes a comprehensive framework for recognising revenue and some costs from contracts with customers. IFRS 15 replaces IAS 18, Revenue, which covered revenue arising from sale of goods and rendering of services, and IAS 11, Construction contracts, which specified the accounting for construction contracts.

VIAGOLD CAPITAL LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 March 2019

2. Significant accounting policies (Continued)

2.1. Basis of preparation of financial statements (Continued)

IFRS 15, Revenue from contracts with customers (Continued)

The Group has elected to use the cumulative effect transition method and has recognised the cumulative effect of initial application as an adjustment to the opening balance of equity at 1 April 2018. Therefore, comparative information has not been restated and continues to be reported under IASs 18. As allowed by IFRS 15, the Group has applied the new requirements only to contracts that were not completed before 1 April 2018.

There is no impact of transition to IFRS 15 on accumulated losses at 1 April 2018.

Further details of the nature and effect of the changes on previous accounting policies are set out below:

a. Timing of revenue recognition

Previously, revenue arising from construction contracts and provision of services was recognised over time, whereas revenue from sale of goods was generally recognised at a point in time when the risks and rewards of ownership of the goods had passed to the customers.

Under IFRS 15, revenue is recognised when the customer obtains control of the promised good or service in the contract. This may be at a single point in time or over time. IFRS 15 identifies the following three situations in which control of the promised good or service is regarded as being transferred over time:

- When the customer simultaneously receives and consumes the benefits provided by the entity's performance, as the entity performs;
- When the entity's performance creates or enhances an asset (for example work in progress) that the customer controls as the asset is created or enhanced;
- When the entity's performance does not create an asset with an alternative use to the entity and the entity has an enforceable right to payment for performance completed to date.

If the contract terms and the entity's activities do not fall into any of these 3 situations, then under IFRS 15 the entity recognises revenue for the sale of that good or service at a single point in time, being when control has passed. Transfer of risks and rewards of ownership is only one of the indicators that is considered in determining when the transfer of control occurs.

VIAGOLD CAPITAL LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 March 2019

2. Significant accounting policies (Continued)

2.1. Basis of preparation of financial statements (Continued)

IFRS 15, Revenue from contracts with customers (Continued)

The adoption of IFRS 15 does not have a significant impact on when the Group recognises revenue from sale of goods and this change in accounting policy had no material impact on opening balances as at 1 April 2018.

b. Significant financing component

IFRS 15 requires an entity to adjust the transaction price for the time value of money when a contract contains a significant financing component, regardless of whether the payments from customers are received significantly in advance of revenue recognition or significantly deferred.

Previously, the Group only applied such a policy when payments were significantly deferred, which was not common in the Group's arrangements with its customers. The Group did not apply such a policy when payments were received in advance.

It is not common for the Group to receive payments significantly in advance of revenue recognition over one year in the Group's arrangements with its customers.

The adoption of IFRS 15 does not have a significant impact on when the Group recognises financing component from sale of goods and this change in accounting policy had no material impact on opening balance as at 1 April 2018.

c. Presentation of contract assets and liabilities

Under IFRS 15, a contract liability, rather than a payable, is recognised when a customer pays consideration, or is contractually required to pay consideration and the amount is already due, before the Group recognises the related revenue. The impact on the Group's financial position by the application of IFRS 15 as compared to IAS 18 that was previously in effect before the adoption of IFRS 15 is as follows:

	IAS 18		IFRS 15
	Carrying amount		Carrying amount
	31 March 2018	Reclassification	1 April 2018
	A\$'000	A\$'000	A\$'000
Receipt in advances	99	(99)	-
Contract liabilities	-	99	99
	<u>99</u>	<u>-</u>	<u>99</u>

VIAGOLD CAPITAL LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 March 2019

2. Significant accounting policies (Continued)

2.1. Basis of preparation of financial statements (Continued)

New and revised IFRSs issued but not yet effective

The Group has not early applied the following new and amendments to IFRSs that have been

IFRS 16	Leases ¹
IFRS 17	Insurance contracts ²
IFRIC 23	Uncertainty over income tax treatments ¹
Amendments to IFRS 10 and IAS 28	Sale or contribution of assets between an investor and its associate or joint venture ³
Amendments to IAS 19	Plan amendment, curtailment or settlement ¹
Amendments to IAS 28	Long-term interests in associates and joint ventures ¹
Amendments to IFRSs	Annual improvements to IFRSs 2015-2018 cycle ¹

¹ Effective for annual periods beginning on or after 1 January 2019.

² Effective for annual periods beginning on or after 1 January 2021.

³ Effective for annual periods beginning on or after a date to be determined.

Except for the new and amendments to IFRSs and interpretations mentioned below, the directors of the Company anticipate that the applications of all other new and amendments to IFRSs and interpretations will have no material impact on the consolidated financial statements in the foreseeable future.

IFRS 16 “Leases”

IFRS 16 introduces a comprehensive model for the identification of lease arrangements and accounting treatments for both lessors and lessees. IFRS 16 will supersede IAS 17 Leases and the related interpretations when it becomes effective.

IFRS 16 distinguishes lease and service contracts on the basis of whether an identified asset is controlled by a customer. In addition, IFRS 16 requires sales and leaseback transactions to be determined based on the requirements of IFRS 15 as to whether the transfer of the relevant asset should be accounted as a sale. IFRS 16 also includes requirements relating to subleases and lease modifications.

Distinctions of operating leases and finance leases are removed for lessee accounting, and is replaced by a model where a right-of-use asset and a corresponding liability have to be recognised for all leases by lessees, except for short-term leases and leases of low value assets.

VIAGOLD CAPITAL LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 March 2019

2. Significant accounting policies (Continued)

2.1. Basis of preparation of financial statements (Continued)

New and revised IFRSs issued but not yet effective (Continued)

IFRS 16 “Leases” (Continued)

The right-of-use asset is initially measured at cost and subsequently measured at cost (subject to certain exceptions) less accumulated depreciation and impairment losses, adjusted for any remeasurement of the lease liability. The lease liability is initially measured at the present value of the lease payments that are not paid at the date. Subsequently, the lease liability is adjusted for interest and lease payments, as well as the impact of lease modifications, amongst others. For the classification of cash flows, the Group currently presents upfront prepaid lease payments as investing cash flows in relation to leasehold lands for owned use and those classified as investment properties while other operating lease payments are presented as operating cash flows. Under the IFRS 16, lease payments in relation to lease liability will be allocated into a principal and an interest portion which will be presented as financing and operating cash flows.

Other than certain requirements which are also applicable to lessor, IFRS 16 substantially carries forward the lessor accounting requirements in IAS 17, and continues to require a lessor to classify a lease either as an operating lease or a finance lease.

Furthermore, extensive disclosures are required by IFRS 16.

As at 31 March 2019, the Group has non-cancellable operating lease commitments of approximately A\$753,000 as disclosed in Note 31. A preliminary assessment indicates that these arrangements will meet the definition of a lease under IFRS 16, and hence the Group will recognise a right-of-use asset and a corresponding liability in respect of all these leases unless they qualify for low value or short-term leases upon the application of IFRS 16.

In addition, the application of new requirements may result changes in measurement, presentation and disclosure as indicated above. The Group intends to elect the practical expedient to apply IFRS 16 to contracts that were previously identified as leases applying IAS 17 and I(IFRIC)-Int 4 Determining whether an Arrangement contains a Lease and not apply this standard to contracts that were not previously identified as containing a lease applying IAS 17 and I(IFRIC)-Int 4. Therefore, the Group will not reassess whether the contracts are, or contain a lease which already existed prior to the date of initial application. Furthermore, the Group intends to elect the modified retrospective approach for the application of IFRS 16 as lessee and will recognise the cumulative effect of initial application to opening accumulated losses without restating comparative information.

VIAGOLD CAPITAL LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 March 2019

2. Significant accounting policies (Continued)

2.2. Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Group reassesses 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 listed above.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary.

Profit or loss and each item of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company 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 intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Non-controlling interests in subsidiaries are presented separately from the Group's equity therein, which represent present ownership interests entitling their holders to a proportionate share of net assets of the relevant subsidiaries upon liquidation.

2.3. Investments in subsidiaries

Investments in subsidiaries are included in the Company's statement of financial position at cost less accumulated impairment loss, if any.

VIAGOLD CAPITAL LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 March 2019

2. Significant accounting policies (Continued)

2.4. Associates

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 of those policies.

The Group's investments in associates are accounted for in the consolidated financial statements using the equity method. Under the equity method, investments in associates are initially recognised at cost. The Group's share of the profit or loss and changes in the other comprehensive income of the associates are recognised in profit or loss and other comprehensive income respectively after the date of acquisition. If the Group's share of losses of an associate equals or exceeds its interest in the associate, which determined using the equity method together with any long-term interests that, in substance, form part of the Group's net investment in the associate, the Group discontinues recognising its share of further losses. Additional losses are provided for, and a liability is recognised, only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

If an associate uses accounting policies other than those of the Group for like transactions or events in similar circumstances, adjustments are made to make the associate's accounting policies conform to those of the Group when the associate's financial statements are used by the Group in applying the equity method.

An investment in an associate is accounted for using the equity method from the date on which the investee becomes an associate. On acquisition of the investment, any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets and liabilities of the associate is recognised as goodwill and is included in the carrying amount of the investment.

Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of acquisition, after reassessment, is recognised in profit or loss in the period in which the investment is acquired.

After application of the equity method, including recognising the associate's losses (if any), the Group determines whether it is necessary to recognise any additional impairment loss with respect to its investment in the associate. Goodwill that forms part of the carrying amount of an investment in an associate is not separately recognised. The entire carrying amount of the investment (including goodwill) is tested for impairment as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount. Any impairment loss recognised forms part of the carrying amount of the investment in the associate. Any reversal of that impairment loss is recognised to the extent that the recoverable amount of the investment subsequently increases.

VIAGOLD CAPITAL LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 March 2019

2. Significant accounting policies (Continued)

2.4. Associates (Continued)

When the investment ceases to be an associate upon the Group losing significant influence over the associate, the Group discontinues to apply equity method and any retained interest is measured at fair value at that date which is regarded as its fair value on initial recognition as a financial asset in accordance with IAS 39. Any difference between the fair value of any retained interest and any proceeds from disposing of a part interest in the associate and the carrying amount of the investment at the date the equity method was discontinued is recognised in profit or loss. Any amount previously recognised in other comprehensive income in relation to that investment is reclassified to profit or loss or retained earnings on the same basis as it would have been required if the investee had directly disposed of the related assets or liabilities.

When the Group's ownership interest in an associate is reduced, but the Group continues to apply the equity method, the proportion of the gain or loss that had previously been recognised in other comprehensive income relating to that reduction in ownership interest is reclassified to profit or loss if that gain or loss would be required to be reclassified to profit or loss on the disposal of the related assets or liabilities.

Gains and losses resulting from transactions between the Group and its associate are recognised in consolidated financial statements only to the extent of unrelated investors' interests in the associate. The Group's share in the associate's gains or losses resulting from these transactions is eliminated.

2.5. Goodwill

Goodwill represents the excess of

- (i) the aggregate of the fair value of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the Group's previously held equity interest in the acquiree; over
- (ii) the net fair value of the acquiree's identifiable assets and liabilities measured as at the acquisition date.

VIAGOLD CAPITAL LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 March 2019

2. Significant accounting policies (Continued)

2.5. Goodwill (Continued)

When (ii) is greater than (i), then this excess is recognised immediately in profit or loss as a gain on a bargain purchase.

Goodwill is stated at cost less accumulated impairment losses. Goodwill arising on a business combination is allocated to each cash-generating unit, or groups of cash generating units, that is expected to benefit from the synergies of the combination and is tested annually for impairment.

On disposal of a cash generating unit during the year, any attributable amount of purchased goodwill is included in the calculation of the profit or loss on disposal.

2.6. Segment reporting

Operating segments, and the amounts of each segment item reported in the financial statements, are identified from the financial information provided regularly to the Group's most senior executive management for the purposes of allocating resources to, and assessing the performance of, the Group's various lines of business and geographical locations.

Individually material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of products and services, the nature of production processes, the type or class of customers, the methods used to distribute the products or provide the services, and the nature of the regulatory environment. Operating segments which are not individually material may be aggregated if they share a majority of these criteria.

2.7. Foreign currency translation

Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in Australian Dollars ("A\$"), which is the Group's presentation currency, while the Group's transactions are denominated in multi-currencies, including Hong Kong Dollars ("HKD"), United States Dollars ("USD") and Renminbi ("RMB"). The directors of the Company have chosen to present the consolidated financial statements in Australian Dollars on the grounds that the Group is listed in Australia.

VIAGOLD CAPITAL LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 March 2019

2. Significant accounting policies (Continued)

2.7. Foreign currency translation (Continued)

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit or loss.

Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the foreign exchange rates ruling at the transaction dates. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated using the foreign exchange rates ruling at the dates the fair value was measured.

Group companies

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each statement of financial position presented are translated at the closing rate at the end of the reporting period;
- income and expenses for each statement of profit or loss are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and
- all resulting exchange differences are recognised in other comprehensive income.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

VIAGOLD CAPITAL LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 March 2019

2. Significant accounting policies (Continued)

2.8. Revenue recognition (accounting policies applied from 1 April 2018)

Revenue from contracts with customers is recognised when control of goods or services is transferred to the customers at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services, excluding those amounts collected on behalf of third parties. Revenue excludes value added tax or other sales taxes and is after deduction of any trade discounts.

Depending on the terms of the contract and the laws that apply to the contract, control of the goods or service may be transferred over time or at a point in time. Control of the goods or service is transferred over time if the Group's performance:

- provides all of the benefits received and consumed simultaneously by the customer;
- creates or enhances an asset that the customer controls as the Group performs; or
- does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

If control of the goods or services transfers over time, revenue is recognised over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation. Otherwise, revenue is recognised at a point in time when the customer obtains control of the goods or service.

When the contract contains a financing component which provides the customer a significant benefit of financing the transfer of goods or services to the customer for more than one year, revenue is measured at the present value of the amounts receivable, discounted using the discount rate that would be reflected in a separate financing transaction between the Group and the customer at contract inception. Where the contract contains a financing component which provides a significant financing benefit to the Group, revenue recognised under that contract includes the interest expense accreted on the contract liability under the effective interest method. For contracts where the period between the payment and the transfer of the promised goods or services is one year or less, the transaction price is not adjusted for the effects of a significant financing component, using the practical expedient in IFRS 15.

VIAGOLD CAPITAL LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 March 2019

2. Significant accounting policies (Continued)

2.8. Revenue recognition (accounting policies applied from 1 April 2018) (Continued)

Provision of consultancy and management services to educational institutions

For contracts entered into with customers on consultancy and management services, taking into consideration of the relevant contract terms and the legal environment, the Group concluded that the Group does not have an enforceable right to payment prior to completion of the consultancy and management services. Besides, the customers only received and consumed the benefits upon completion of the consultancy and management services. Revenue from provision of consultancy and management services to educational institutions is therefore recognised at a point in time when the provision of consultancy and management services to educational institutions rendered and the Group has present right to payment and collection of the consideration is probable.

Rare earth refining and separation

Customers obtain control of the minerals and rare earth when the goods are delivered to and have been accepted. Revenue is thus recognised upon when the customers accepted the products. There is generally only one performance obligation. Invoices are usually payable within 30 days. In the comparative period, revenue from sales of goods is recognised on transfer of risks and rewards of ownership, which was taken as at the time of delivery and the title is passed to customer.

Contract assets and liabilities

A contract asset represents the Group's right to consideration in exchange for services that the Group has transferred to a customer that is not yet unconditional. In contrast, a receivable represents the Group's unconditional right to consideration, i.e. only the passage of time is required before payment of that consideration is due.

A contract liability represents the Group's obligation to transfer services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer.

VIAGOLD CAPITAL LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 March 2019

2. Significant accounting policies (Continued)

2.8. Revenue recognition (accounting policies applied until 31 March 2018)

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and provision of services in the ordinary course of the Group's activities. Revenue is shown net of value-added tax, returns, rebates and discounts and after eliminating sales within the Group.

The Group recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and when specific criteria have been met for each of the Group's activities as described below. The Group bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

Provision of consultancy and management services to educational institutions

Revenue from management and consulting services to educational institutions are recognised when the services are rendered.

Rare earth refining and separation

Revenue from the sales of minerals and rare earth refining and separation is recognised upon transfer of significant risks and rewards of ownership, which generally coincides with the time when the rare earth products are delivered and the title has passed to the customers.

Interest income

Interest income is recognised on a time proportion basis on the principal outstanding and at the effective interest rate applicable.

Dividend income

Dividend income is recognised when the right to receive payment is established.

Lease income

Lease income is recognised over the term of the lease on a straight-line basis.

VIAGOLD CAPITAL LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 March 2019

2. Significant accounting policies (Continued)

2.9. Leases

A lease is an agreement whereby the lessor conveys to the lessee in return for a payment, or series of payments, the right to use an asset for an agreed period of time.

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the consolidated statement of profit or loss on a straight-line basis over the period of the lease.

2.10. Fixed assets

Investment property

Investment properties are properties held to earn rental income and/or for capital appreciation. Investment properties are initially measured at cost, including any directly attributable expenditure, except for those transferred from property, plant and equipment and land use rights which are measured at fair value at date of transfer. After initial recognition, investment property is accounted for in accordance with the cost model as set out in IAS 16, Property, Plant and Equipment - cost less accumulated depreciation and less accumulated impairment losses.

Depreciation is calculated using the straight-line method to allocate their costs to their residual values over their estimated useful lives, as follows:

Investment property	20 years
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An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the property is derecognised.

Other property, plant and equipment

Other property, plant and equipment are stated at historical cost less accumulated depreciation and impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

VIAGOLD CAPITAL LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 March 2019

2. Significant accounting policies (Continued)

2.10. Fixed assets (Continued)

Other property, plant and equipment (Continued)

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are expensed in the profit or loss during the financial period in which they are incurred.

Depreciation is calculated using the straight-line method to allocate their costs to their residual values over their estimated useful lives, as follows:

Leasehold improvements	3 - 20 years
Plant and machinery	5 - 10 years
Furniture and equipment	5 - 10 years
Motor vehicles	4 - 10 years
Building	20 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the profit or loss.

2.11. Impairment of non-financial assets

Assets other than goodwill are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

VIAGOLD CAPITAL LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 March 2019

2. Significant accounting policies (Continued)

2.12. Financial instruments recognition (accounting policies applied from 1 April 2018)

Financial assets

A financial asset (unless it is a trade receivable without a significant financing component) is initially measured at fair value plus, for an item not at fair value through profit or loss (“FVTPL”), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

All regular way purchases and sales of financial assets are recognised on the trade date, that is, the date that the Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the market place.

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

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. Financial assets at amortised cost are subsequently measured using the effective interest rate method. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain on derecognition is recognised in profit or loss.

Fair value through other comprehensive income (“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. Debt investments at fair value through other comprehensive income are subsequently measured at fair value. Interest income calculated using the effective interest rate method, foreign exchange gains and losses and impairment are recognized in profit or loss. Other net gains and losses are recognised in other comprehensive income. On derecognition, gains and losses accumulated in other comprehensive income are reclassified to profit or loss.

VIAGOLD CAPITAL LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued) **For the year ended 31 March 2019**

2. Significant accounting policies (Continued)

2.12. Financial instruments recognition (accounting policies applied from 1 April 2018) **(Continued)**

Debt instruments (Continued)

Fair value through profit or loss (“FVTPL”): Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortised cost or at fair value through other comprehensive income, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Equity instruments

On initial recognition of an equity investment that is not held for trading, the Group could irrevocably elect to present subsequent changes in the investment’s fair value in other comprehensive income. This election is made on an investment-by-investment basis. Equity investments at fair value through other comprehensive income are measured at fair value. Dividend income are recognised in profit or loss unless the dividend income clearly represents a recovery of part of the cost of the investments. Other net gains and losses are recognised in other comprehensive income and are not reclassified to profit or loss. All other equity instruments are classified as FVTPL, whereby changes in fair value, dividends and interest income are recognised in profit or loss.

Impairment loss on financial assets

The Group recognises loss allowances for expected credit loss (“ECL”) on trade receivables, contract assets, financial assets measured at amortised cost and debt investments measured at FVOCI. The ECLs are measured on either of the following bases: (1) 12 months ECLs: these are the ECLs that result from possible default events within the 12 months after the reporting date; and (2) lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument. The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

VIAGOLD CAPITAL LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 March 2019

2. Significant accounting policies (Continued)

2.12. Financial instruments recognition (accounting policies applied from 1 April 2018) (Continued)

Impairment loss on financial assets (Continued)

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive. The shortfall is then discounted at an approximation to the assets' original effective interest rate. The Group has elected to measure loss allowances for trade receivables and contract assets using HKFRS 9 simplified approach and has calculated ECLs based on lifetime ECLs. The Group has established a provision matrix that is based on the Group's historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

For other debt financial assets, the ECLs are based on the 12-months ECLs. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information.

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The Group considers a financial asset to be credit-impaired when: (1) the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or (2) the financial asset is more than 90 days past due.

Interest income on credit-impaired financial assets is calculated based on the amortised cost (i.e. the gross carrying amount less loss allowance) of the financial asset. For non credit-impaired financial assets interest income is calculated based on the gross carrying amount.

Financial liabilities

The Group classifies its financial liabilities, depending on the purpose for which the liabilities were incurred. Financial liabilities at fair value through profit or loss are initially measured at fair value and financial liabilities at amortised costs are initially measured at fair value, net of directly attributable costs incurred.

VIAGOLD CAPITAL LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 March 2019

2. Significant accounting policies (Continued)

2.12. Financial instruments recognition (accounting policies applied from 1 April 2018) (Continued)

Financial liabilities at amortised cost

Financial liabilities at amortised cost including trade and other payables, amount due to former directors, other borrowings and amount due to a major shareholder, using the effective interest method. The related interest expense is recognised in profit or loss.

Gains or losses are recognised in profit or loss when the liabilities are derecognised as well as through the amortisation process.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments through the expected life of the financial asset or liability, or where appropriate, a shorter period.

Equity instruments

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

Derecognition

The Group derecognises a financial asset when the contractual rights to the future cash flows in relation to the financial asset expire or when the financial asset has been transferred and the transfer meets the criteria for derecognition in accordance with IFRS 9.

Financial liabilities are derecognised when the obligation specified in the relevant contract is discharged, cancelled or expires.

Where the Group issues its own equity instruments to a creditor to settle a financial liability in whole or in part as a result of renegotiating the terms of that liability, the equity instruments issued are the consideration paid and are recognised initially and measured at their fair value on the date the financial liability or part thereof is extinguished. If the fair value of the equity instruments issued cannot be reliably measured, the equity instruments are measured to reflect the fair value of the financial liability extinguished. The difference between the carrying amount of the financial liability or part thereof extinguished and the consideration paid is recognised in profit or loss for the year.

VIAGOLD CAPITAL LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 March 2019

2. Significant accounting policies (Continued)

2.12. Financial instruments recognition (accounting policies applied until 31 March 2018)

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition.

Financial assets

Financial assets are classified into the category; loans and receivables. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (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 debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Interest income is recognised on an effective interest basis for debt instruments.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables (including trade and bills receivables, deposits and other receivables and bank balances and cash) are measured at amortised cost using the effective interest method, less any impairment.

Interest income is recognised by applying the effective interest rate, except for short-term receivable where the recognition of interest would be immaterial.

VIAGOLD CAPITAL LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 March 2019

2. Significant accounting policies (Continued)

2.12. Financial instruments recognition (accounting policies applied until 31 March 2018) (Continued)

Impairment of financial assets

Financial assets are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

For financial assets, objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- breach of contract, such as default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation;
- the disappearance of an active market for that financial asset because of financial difficulties.

For certain categories of financial assets, such as trade receivables and other receivables, assets are assessed for impairment on a collective basis even if they were not to be impaired individually. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period of 90 days and observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, the amount of the impairment loss recognised is the difference between the asset's carrying amount and the present value of the estimated future cash flows, discounted at the financial asset's original effective interest rate.

For financial assets carried at cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss will not be reversed in subsequent periods (see accounting policy below).

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables and other receivables, where the carrying amount is reduced through the use of an allowance account. When a trade or other receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

VIAGOLD CAPITAL LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 March 2019

2. Significant accounting policies (Continued)

2.12. Financial instruments recognition (accounting policies applied until 31 March 2018) (Continued)

Impairment of financial assets (Continued)

For financial assets measured at amortised cost, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

Financial liabilities and equity instruments

Classification as debt or equity

Debt and equity instruments issued by a group entity are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by a group entity are recognised at the proceeds received, net of direct issue costs.

Other financial liabilities

Other financial liabilities (including trade payables, other payables, amount due to a director/former director/a major shareholder, dividends payables, other borrowings and loan from a major shareholder) are subsequently measured at amortised cost using the effective interest method.

Effective interest method

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 net carrying amount on initial recognition.

Interest expense is recognised on an effective interest basis.

VIAGOLD CAPITAL LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 March 2019

2. Significant accounting policies (Continued)

2.12. Financial instruments recognition (accounting policies applied until 31 March 2018) (Continued)

Derecognition

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group continues to recognise the asset to the extent of its continuing involvement and recognises an associated liability. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss.

On derecognition of a financial asset other than in its entirety, the Group allocates the previous carrying amount of the financial asset between the part it continues to recognise, and the part it no longer recognises on the basis of the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part that is no longer recognised and the sum of the consideration received for the part no longer recognised and any cumulative gain or loss allocated to it that had been recognised in other comprehensive income is recognised in profit or loss. A cumulative gain or loss that had been recognised in other comprehensive income is allocated between the part that continues to be recognised and the part that is no longer recognised on the basis of the relative fair values of those parts.

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

2.13. Trade and other receivables

Trade and other receivables are initially recognised at fair value and thereafter stated at amortised cost less provision for impairment, except where the effect of discounting would be immaterial. In such cases, the receivables are stated at cost less impairment losses for bad and doubtful debts.

VIAGOLD CAPITAL LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 March 2019

2. Significant accounting policies (Continued)

2.14. Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less.

2.15. Share capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction, net of tax, from the proceeds.

2.16. Inventories

Inventories are carried at the lower of cost and net realisable value.

Cost is calculated using the weighted average cost formula and comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

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.

When inventories are sold, the carrying amount of those inventories is recognised as an expense in the period in which the related revenue is recognised. The amount of any writedown of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any writedown of inventories is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

2.17. Trade and other payables

Trade and other payables are initially recognised at fair value and thereafter stated at amortised cost unless the effect of discounting would be immaterial, in which case they are stated at cost.

VIAGOLD CAPITAL LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 March 2019

2. Significant accounting policies (Continued)

2.18. Current and deferred income tax

The tax expense comprises current and deferred tax. Tax is recognised in the profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly, in equity respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted by the end of the reporting period in the countries where the Company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill; deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associate, except for deferred income tax liability where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis, or to realise the asset and settle the liability simultaneously.

VIAGOLD CAPITAL LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 March 2019

2. Significant accounting policies (Continued)

2.19. Employee benefits

Employee leave entitlement

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the reporting date.

Employee entitlements to sick leave and maternity leave are not recognised until the time of leave.

Pension obligations

The employees of the Company's subsidiaries which operate in the People's Republic of China participates in the central pension scheme (the "CPS") operated by the local government authorities on behalf of its staff. These subsidiaries are required to contribute a certain percentage of their covered payroll to the CPS to fund the benefits. The only obligation of the subsidiaries with respect to the CPS is to pay the ongoing required contribution under the CPS. Contribution under the CPS are charged to the profit or loss as they become payable in accordance with the rules of the CPS.

Share-based compensation

The Group operates a number of equity-settled, share-based compensation plans, under which the entity receives services from employees and consultants as consideration for equity instruments (options) of the Group. The fair value of the employee services received in exchange for the grant of the options is recognised as an expense. The total amount to be expensed is determined by reference to the fair value of the options granted, excluding the impact of any non-market service and performance vesting conditions (for example, profitability and sales growth targets.) Non-market vesting conditions are included in assumptions about the number of options that are expected to vest. The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of each reporting period, the Group revises its estimates of the number of options that are expected to vest based on the non-marketing vesting conditions. It recognises the impact of the revision of original estimates, if any, in the profit or loss, with a corresponding adjustment to equity.

The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium when the options are exercised.

VIAGOLD CAPITAL LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 March 2019

2. Significant accounting policies (Continued)

2.20. Provisions and contingent liabilities

Provisions are recognised for other liabilities of uncertain timing or amount when the Group or the Company has a legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditure expected to settle the obligation.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the profit or loss over the period of the borrowings using the effective interest method.

2.22. Related parties

A related party is a person or entity that is related to the Group in these financial statements, as follows:-

- (i) A person, or a close member of that person's family, is related to the Group if that person:
 - (1) has control or joint control over the Group;
 - (2) has significant influence over the Group; or
 - (3) is a member of the key management personnel of the Group or the Group's parent.

VIAGOLD CAPITAL LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 March 2019

2. Significant accounting policies (Continued)

(ii) An entity is related to the Group if any of the following conditions applies:

- (1) The entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
- (2) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
- (3) Both entities are joint ventures of the same third party.
- (4) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
- (5) The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group.
- (6) The entity is controlled or jointly controlled by a person identified in note 2.21(i).
- (7) A person identified in note 2.21(i)(1) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).
- (8) The entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the Group's parent.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

3. Financial risk management

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, cash flow interest rate risk and fair value interest rate risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. The Group does not use derivative financial instruments to hedge certain risk exposures.

Risk management is carried out by the Board of Directors. The Board of Directors identifies, evaluates and hedges financial risks in close co-operation with the Group's operating units.

VIAGOLD CAPITAL LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 March 2019

3. Financial risk management (Continued)

3.1. Market risk

i. Foreign exchange risk

The Company has no significant exposure to foreign currency risk as substantially all of the Group's transactions are denominated in the functional currency of the entity to which they relate, mainly RMB and HK\$.

ii. Cash flow and fair value interest rate risk

The Group's income and operating cash flows are substantially independent of change in market interest rates and the Group has no significant interest-bearing assets and liabilities except for cash and cash equivalents and bank borrowing, details of which have been disclosed in note 22 and 28. Since the bank interest income and finance costs are insignificant, management considers that cash flow and fair value interest rate risks of the Group are insignificant. Therefore no sensitivity analysis is presented thereon.

3.2. Credit risk

The group's credit risk is primarily attributable to pledged bank deposits, cash and cash equivalent, trade and other receivables. Management has a credit policy in place and the exposures to these credit risks are monitored on an ongoing basis.

In respect of trade and other receivables, individual credit evaluations are performed on all customers requiring credit over a certain amount. These evaluations focus on the customer's past history of making payments when due and current ability to pay, and take into account information specific to the customer as well as pertaining to the economic environment in which the customer operates.

The credit risk on pledged bank deposits and cash and cash equivalent is limited because the Group mainly places the deposits in banks with high credit rating and management does not expect any losses from non-performance by banks.

The Group has significant concentration of credit risk on trade receivables as they are mainly attributable from certain limited counterparties. At the end of the reporting period, 90% (2018: 47%) and 100% (2018: 89%) of the total trade receivables were due from the Group's largest customer and the five largest customers respectively within the rare earth refining and separation segment.

VIAGOLD CAPITAL LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 March 2019

3. Financial risk management (Continued)

3.2. Credit risk (Continued)

The Group has significant concentration of credit risk on other receivables as they are mainly attributable from certain limited counterparties. At the end of the reporting period, 49% (2018: 33%) and 97% (2018: 75%) of the total other receivables were due from the Group's largest debtor and the five largest debtors respectively within the rare earth refining and separation segment.

Other than concentration of credit risk on trade and other receivables and liquid funds which are deposited with banks with high credit rating, the Group does not have any other significant concentration of credit risk.

The Group's maximum exposure to credit risk in the event that counterparties fail to perform their obligations at 31 March 2019 in relation to each class of recognised financial assets is the carrying amounts of those assets as stated in the consolidated statement of financial position. The Group's credit risk is primarily attributable to its trade and other receivables. In order to minimise credit risk, the directors have delegated a team to be responsible for the determination of credit limits, credit approvals and other monitoring procedures. The Group measures loss allowances for trade receivables at an amount equal to lifetime ECLs, which is calculated using a provision matrix. As the Group's historical credit loss experience does not indicate significantly different loss patterns for different customer segments, the loss allowance based on past due status is not further distinguished between the Group's different customer bases.

The following table provides information about the Group's exposure to credit risk and ECLs for trade receivables as at 31 March 2019:

	Expected credit loss rate (%)	Gross carrying amount A\$'000	Loss allowance A\$'000	Net carrying amount A\$'000
<u>Provision on individual basis (Note)</u>				
Less than 180 days past due	0%	33	-	33
181 to 365 days past due	0%	337	-	337
<u>Provision on collective basis</u>				
Current (not past due)	0%	6,970	-	6,970
Less than 180 days past due	30%	-	-	-
181 to 365 days past due	100%	1,824	(1,824)	-
		<u>9,164</u>	<u>(1,824)</u>	<u>7,340</u>

VIAGOLD CAPITAL LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 March 2019

3. Financial risk management (Continued)

3.2. Credit risk (Continued)

As at 31 March 2019, trade receivables that are individually significant have been separately assessed for impairment. The Group makes periodic assessments on the recoverability of the receivables based on the background and reputation of the customers, historical settlement records and past experience. The directors are of the opinion that the credit risk of these receivables is low due to the sound collection history of the receivables due from them. Therefore, expected credit loss rate of these receivables is assessed to be zero and no provision was made for the year ended 31 March 2019.

3.3. Liquidity risk

The Group regularly monitors current and expected liquidity requirements to ensure that it maintains sufficient cash to meet its liquidity requirements in the short and longer term.

The maturity profile of the Group's financial liabilities as at the end of the reporting period, based on the contracted undiscounted payment, was as follows:

	Carrying amount AS'000	On demand AS'000	Less than 1 year AS'000
As at 31 March 2019			
Payable and accrued charges	13,868	-	13,868
Amounts due to key management personnel	2,495	2,495	-
Amounts due to related companies	41,150	41,150	-
Total	57,513	43,645	13,868
	Carrying amount AS'000	On demand AS'000	Less than 1 year AS'000
As at 31 March 2018			
Payable and accrued charges	21,016	-	21,016
Amounts due to key management personnel	1,675	1,675	-
Amounts due to related companies	23,758	23,758	-
Short-term bank borrowing	2,073	-	2,073
Total	48,522	25,433	23,089

VIAGOLD CAPITAL LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 March 2019

3. Financial risk management (Continued)

3.4. Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Group actively and regularly reviews and manages its capital structure to ensure optimal capital structure and shareholder returns, taking into consideration the future capital requirements of the Group and capital efficiency, prevailing and projected operating cash flows, projected capital expenditures and projected strategic investment opportunities.

The Company also endeavours to ensure the steady and reliable cash flow from the normal business operation. Apart from short-term bank borrowing raised in 2018, the Group did not raise any debts during the year (2018:Nil).

3.5. Fair value estimation

The carrying amounts of the Group's current financial assets, including trade and other receivables, pledged bank deposits and cash and cash equivalents; and current financial liabilities including trade and other payables and short-term bank borrowing, approximate to their fair values due to their short maturities. The face values less any estimated credit adjustments for financial assets and liabilities with a maturity of less than one year are assumed to approximate to their fair values.

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

VIAGOLD CAPITAL LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 March 2019

4. Critical accounting estimates and judgments

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

Provision of ECL for trade receivables

The Group uses provision matrix to calculate ECL for the trade receivables. The provision rates are based on internal credit ratings as groupings of various debtors that have similar loss patterns. The provision matrix is based on the Group's historical default rates taking into consideration forward-looking information that is reasonable and supportable available without undue costs or effort. At every reporting date, the historical observed default rates are reassessed and changes in the forward-looking information are considered. In addition, trade receivables with significant balances and credit impaired are assessed for ECL individually.

The provision of ECL is sensitive to changes in estimates. The information about the ECL and the Group's trade receivables are disclosed in Notes 3.2 and 19.

Valuation of inventories

Inventories are stated at the lower of cost and net realisable value. Net realisable value of inventories is based on estimated selling prices less any estimated costs to be incurred to completion and disposal. It is the Group's policy to review the net realisable value of inventories periodically with reference to current market situation and conditions of the items. The Group's management reviewed regularly the suitability of the allowance policy and then applied allowances on those inventories by considering the net realisable value. The Group's management reviewed the inventory age listing to identify slow-moving inventories and then estimated the amount of allowance primarily based on the pricing policy and strategies and the historical experience in selling goods of similar nature.

VIAGOLD CAPITAL LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 March 2019

4. Critical accounting estimates and judgments (Continued)

Accounting for companies governed under contractual arrangements as subsidiaries

The Company and its subsidiaries do not hold any equity interests in Jintan Hailin Rare Earth Company Limited, nor, in any of its subsidiaries. Nevertheless, under the contractual agreements entered into between the Group, Jintan Hailin Rare Earth Company Limited and the registered owners of Jintan Hailin Rare Earth Company Limited, the directors of the Company determine that the Group has the power to govern the financial and operating policies of Jintan Hailin Rare Earth Company Limited so as to obtain benefits from their activities. As such, Jintan Hailin Rare Earth Company Limited is accounted for as subsidiary of the Group for accounting purposes.

Income taxes

The Group is subject to income taxes in numerous jurisdictions. Significant judgment is required in determining the worldwide provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain. The Group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred income tax assets and liabilities in the period in which such determination is made.

Useful lives of property, plant and equipment

The Group's management determines the estimated useful life and related depreciation charges for its property, plant and equipment. This estimate is based on the historical experience of the actual useful life of property, plant and equipment of similar nature and functions. Management will increase/decrease the depreciation charges where useful life are less/more than previous estimates.

Impairment of goodwill

Determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating units to which goodwill has been allocated. The value in use calculation requires the Group to estimate the future cash flows expected to arise from the cash generating unit and a suitable discount rate in order to calculate the present value. Where the actual future cash flows are less than expected, a material impairment loss may arise.

VIAGOLD CAPITAL LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 March 2019

5. Segment information

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.

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 investment property, property, plant and equipment and land use rights, and the location of the operation to which they are allocated in the case of goodwill and interests in an associate.

The management assesses the performance of the operating segments based on the profit/loss for the period. This measurement basis excludes corporate income and expenses and result of associate.

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 CAPITAL LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
For the year ended 31 March 2019
5. Segment information

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

	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	360	408	26,629	27,397
Reportable segment (loss)/profit before income tax	(158)	126	(24,900)	(24,932)
Unallocated corporate expenses				(3,569)
Loss before income tax				(28,501)
Depreciation	(224)	(54)	(903)	(1,181)
Amortisation of land use rights	-	-	(62)	(62)
Interest income	1	-	31	32
Finance costs	-	-	(47)	(47)
Gain/(loss) on disposal of plant and equipment	-	-	(86)	(86)
As at 31 March 2019				
Reportable segment assets	1,866	560	84,508	86,934
Interests in an associate				188
Unallocated corporate assets				357
Consolidated total assets				87,479
Non-current assets				
(Other than financial instruments)	1,079	298	11,292	12,669
Unallocated corporate assets				190
				12,859
Additions to non-current assets				
(Other than financial instruments)	-	-	233	233
Reportable segment liabilities	(122)	(870)	(62,399)	(63,391)
Unallocated corporate liabilities				(1,747)
Consolidated total liabilities				(65,138)

The Group's customer base includes three (2018: two) customers with whom transactions have exceeded 10% of the Group's total revenue. Revenue from sales to these customers amounted to A\$11,562,000, A\$4,043,000 and A\$3,195,000 each which related to rare earth refining and separation segment (2018: A\$10,981,000 and A\$5,037,000 each which related to rare earth refining and separation segment).

VIAGOLD CAPITAL LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
For the year ended 31 March 2019
5. Segment information (Continued)

The segment information for the reporting segments for the year ended 31 March 2018 is as follows:

	Leasing and capital financing AS'000	Provision of consultancy and management services to educational institutions AS'000	Rare earth refining and separation AS'000	Total AS'000
Segment revenue	215	368	35,014	35,597
Inter-segment revenue	-	-	-	-
Revenue from external customers	215	368	35,014	35,597
Reportable segment (loss)/profit before income tax	(168)	8	(170)	(330)
Unallocated corporate expenses				(820)
Loss before income tax				(1,150)
Depreciation	(133)	(11)	(1,053)	(1,197)
Amortisation of land use rights	-	-	(59)	(59)
Interest income	2	-	52	54
Finance costs	-	-	(112)	(112)
Gain on disposal of plant and equipment	25	-	(2)	23
As at 31 March 2018				
Reportable segment assets	1,981	366	105,322	107,669
Interests in an associate				337
Unallocated corporate assets				3,491
Consolidated total assets				111,497
Non-current assets				
(Other than financial instruments)	1,293	350	12,067	13,710
Unallocated corporate assets				3,193
				16,903
Additions to non-current assets				
(Other than financial instruments)	765	236	80	1,081
Reportable segment liabilities	(100)	(797)	(59,256)	(60,153)
Unallocated corporate liabilities				(1,324)
Consolidated total liabilities				(61,477)

VIAGOLD CAPITAL LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 March 2019

6. Other income

	2019	2018
	A\$'000	A\$'000
Bank interest income	31	54
Gain on disposal of plant and equipment	-	23
Sundry income	44	189
	<u>75</u>	<u>266</u>

7. Finance costs

	2019	2018
	A\$'000	A\$'000
Interest expenses:		
- bank borrowings	47	112
	<u>47</u>	<u>112</u>

8. Loss before income tax

	2019	2018
	A\$'000	A\$'000
Loss before income tax is arrived at:		
After charging the following items:		
Auditor's remuneration		
- Audit and review service	117	169
Amortisation of land use rights (Note 15)	62	59
Depreciation of fixed assets (Note 14)	1,181	1,197
Directors' remuneration (Note 9)	272	294
Employee benefit expense		
(excluding director's remuneration) (Note 10)	771	742
Impairment loss on interests in an associate	-	191
Operating lease rentals in respect of rental premises		
and equipment	55	144
Loss on disposal of plant and equipment	86	-
Cost of inventories sold	28,091	33,043
	<u>28,091</u>	<u>33,043</u>

VIAGOLD CAPITAL LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 March 2019

9. Directors' and senior management's emoluments

	2019 AS'000	2018 AS'000
Directors' remuneration		
- fees	257	280
- salaries, allowances and benefits in kind	15	14
	<u>272</u>	<u>294</u>

The remuneration of each director for the year ended 31 March 2019 is set out below:

	Fees AS'000	Salaries, allowances and benefits in kind AS'000	Total AS'000
<u>Non-executive directors</u>			
Dr. Longguang Shi	126	-	126
<u>Executive directors</u>			
Ms. Mulei Shi	76	-	76
Mr. King Choi Leung	55	15	70
Mr. Changyuan Liao	-	-	-
<u>Independent non-executive directors</u>			
Mr. Yan Wang	-	-	-
Mr. Fuchuan Guo	-	-	-
Mr. Xunchang Hu	-	-	-
	<u>257</u>	<u>15</u>	<u>272</u>

VIAGOLD CAPITAL LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 March 2019

9. Directors' and senior management's emoluments (Continued)

The remuneration of each director and an executive for the year ended 31 March 2018 is set out below:

	Fees AS'000	Salaries, allowances and benefits in kind AS'000	Total AS'000
<u>Non-executive directors</u>			
Dr. Longguang Shi	119	-	119
<u>Executive directors</u>			
Ms. Mulei Shi	71	-	71
Mr. King Choi Leung	70	14	84
Mr. Changyuan Liao (Appointed on 29 September 2018)	-	-	-
Mr. Libin Sun (Resigned on 29 September 2018)	20	-	20
<u>Independent non-executive directors</u>			
Mr. Yan Wang	-	-	-
Mr. Ouyang Cong (Resigned on 29 September 2018)	-	-	-
Mr. Fuchuan Guo (Appointed on 29 September 2018)	-	-	-
Mr. Xunchang Hu (Appointed on 10 November 2018)	-	-	-
	<u>280</u>	<u>14</u>	<u>294</u>

10. Employee benefit expenses

	2019 AS'000	2018 AS'000
Wages and salaries	618	611
Social insurance	63	54
Other staff benefits	90	77
	<u>771</u>	<u>742</u>

VIAGOLD CAPITAL LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 March 2019

11. Income tax (credit)/expenses

The Group's principle activities are operated in Hong Kong and the PRC. Current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted by the end of the reporting period in the jurisdictions where the Group operates and generates taxable income.

During the year, no provision for Hong Kong Profits Tax has been made as the Group did not generate any assessable profits arising from Hong Kong (2018: Nil). PRC subsidiaries are subject to PRC Enterprise Income Tax at 25% for the years ended 31 March 2019 and 2018.

	2019	2018
	A\$'000	A\$'000
Current		
- PRC Enterprise Income Tax	19	80
Deferred	<u>(5,360)</u>	<u>123</u>
	<u><u>(5,341)</u></u>	<u><u>203</u></u>

The income tax expense for the year can be reconciled to the loss before income tax per the consolidated statement of profit or loss and other comprehensive income as follows:

	2019	2018
	A\$'000	A\$'000
Loss before income tax	<u><u>(28,501)</u></u>	<u><u>(1,150)</u></u>
Notional tax on loss calculated at the rates applicable to profits in the jurisdiction concerned	(6,997)	(225)
Tax effect of:		
Expenses not deductible for tax purposes	1,609	310
Income not subject to tax	(47)	(24)
Share of results of associate	37	(7)
Tax effect of unused tax losses not recognised	<u>57</u>	<u>149</u>
Income tax expense	<u><u>(5,341)</u></u>	<u><u>203</u></u>

VIAGOLD CAPITAL LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 March 2019

12. Employee share option scheme

On 19 December 2007, ordinary resolutions were passed by the shareholders at the annual general meeting to approve the adoption of a new share option scheme (the "New Scheme") and the termination of the old scheme (the "Old Scheme") which was adopted on 28 November 1995.

On 19 December 2007, share options were granted to certain employees and directors of the Group pursuant to the Group's New Scheme. Share options with rights to subscribe for a total of 1,898,792 shares (a total of current outstanding 1,748,792 shares as at 31 March 2019) were granted to certain employees with an exercise price at A\$2.00 per share on 19 December 2007. The share options can be exercised from 8 April 2008 and expire on 8 April 2018.

On 1 November 2012, share options were granted to consultants of the Group pursuant to the Group's New Scheme. Share options with rights to subscribe to a total of 4,500,000 shares were granted to consultants with an exercise price of A\$1.00 per share on 1 November 2012. The share options can be exercised from 1 November 2012 and expire on 1 November 2017.

No share options were granted and exercised during the year ended 31 March 2019.

Movements in the share options outstanding and their related weighted average exercise prices are as follows:

	Weighted average exercise price per share (A\$)	Number of underlying shares
As at 1 April 2017 and 31 March 2018	1.28	6,248,792
Lapsed during the year	<u>1.00</u>	<u>(4,500,000)</u>
As at 31 March 2018	2.00	1,748,792
Lapsed during the year	<u>2.00</u>	<u>(1,748,792)</u>
As at 31 March 2019	<u><u>-</u></u>	<u><u>-</u></u>

VIAGOLD CAPITAL LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 March 2019

12. Employee share option scheme (Continued)

Share options outstanding at the end of the year have the following expiry dates and exercise prices:

Expiry date	Exercise price per share (A\$)	2019 Number of underlying shares	2018 Number of underlying shares
8 April 2018	2.00	-	1,748,792
		-	1,748,792

13. Loss per share

13.1. Basic

Basic loss per share is calculated by dividing the loss attributable to equity holders of the

	2019 A\$'000	2018 A\$'000
Loss attributable to equity holders of the Company (A\$'000)	(3,003)	(1,126)
Weighted average number of ordinary shares in issue ('000)		
Issued ordinary shares at 1 April	40,658	40,156
Effect of new issue shares	-	502
Weighted average number of ordinary shares at 31 March	40,658	40,658
Basic loss per share (A\$ per share)	(0.07)	(0.03)

VIAGOLD CAPITAL LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 March 2019

13. Loss per share (Continued)

13.2. Diluted

Diluted loss per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all potential dilutive ordinary shares. The Company has two category of potential dilutive ordinary shares: share options and warrants. For the share options/warrants, a calculation is done to determine the number of shares that could have been issued at fair value (determined as the average annual market share price of the Company's shares) based on the monetary value of the subscription rights attached to outstanding share options/warrants. The number of shares calculated as above is compared with the number of shares that would have been issued assuming the share options/warrants were exercised. The incremental shares from assumed exercise of share options/warrants are excluded in calculating the diluted loss per share for the year ended 31 March 2019 and 2018 because they are anti-dilutive in calculating the diluted loss per share.

	2019	2018
Loss attributable to equity holders of the Company (A\$'000)	<u>(3,003)</u>	<u>(1,112)</u>
Weighted average number of ordinary shares for diluted loss per share ('000)		
Issued ordinary shares at 1 April	40,658	40,156
Effect of new issue shares	<u>-</u>	<u>502</u>
Weighted average number of ordinary shares at 31 March	<u>40,658</u>	<u>40,658</u>
Diluted loss per share (A\$ per share)	<u>(0.07)</u>	<u>(0.03)</u>

VIAGOLD CAPITAL LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued) For the year ended 31 March 2019

14. Fixed assets

	Motor vehicles AS'000	Leasehold improvements AS'000	Furniture and equipment AS'000	Plant and Machinery AS'000	Building AS'000	Sub-total AS'000	Investment property AS'000	Total AS'000
Cost								
As at 1 April 2017	1,227	1,955	85	2,790	3,555	9,612	749	10,361
Additions	1,021	-	10	50	-	1,081	-	1,081
Disposals	(403)	-	-	-	-	(403)	-	(403)
Exchange realignment	155	185	9	267	335	951	71	1,022
As at 31 March 2018	2,000	2,140	104	3,107	3,890	11,241	820	12,061
Additions	13	-	1	219	-	233	-	233
Disposals	(204)	-	-	(312)	-	(516)	-	(516)
Exchange realignment	19	28	1	45	49	142	10	152
As at 31 March 2019	1,828	2,168	106	3,059	3,939	11,100	830	11,930
Accumulated depreciation								
As at 1 April 2017	535	128	30	475	179	1,347	224	1,571
Depreciation	341	121	26	472	201	1,161	36	1,197
Eliminated on disposal	(223)	-	-	-	-	(223)	-	(223)
Exchange realignment	58	20	4	75	47	204	23	227
As at 31 March 2018	711	269	60	1,022	427	2,489	283	2,772
Depreciation	339	112	21	433	231	1,136	45	1,181
Eliminated on disposal	(129)	-	-	(212)	-	(341)	-	(341)
Exchange realignment	14	6	1	24	12	57	5	62
As at 31 March 2019	935	387	82	1,267	670	3,341	333	3,674
Net carrying amounts								
As at 31 March 2019	893	1,781	24	1,792	3,269	7,759	497	8,256
As at 31 March 2018	1,289	1,871	44	2,085	3,463	8,752	537	9,289

The investment property and building are located in the PRC.

VIAGOLD CAPITAL LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 March 2019

15. Land use rights

	AS'000
Cost	
As at 1 April 2017	4,266
Exchange realignment	<u>284</u>
As at 31 March 2018	4,550
Exchange realignment	<u>55</u>
As at 31 March 2019	<u><u>4,605</u></u>
Deduct: Accumulated amortisation	
As at 1 April 2017	60
Charged for the year	59
Exchange realignment	<u>10</u>
As at 31 March 2018	129
Charged for the year	62
Exchange realignment	<u>(1)</u>
As at 31 March 2019	<u><u>190</u></u>
Net book values	
As at 31 March 2019	<u><u>4,415</u></u>
As at 31 March 2018	<u><u>4,421</u></u>

Lands related to the land use rights are located in the PRC.

The amortisation charged for the year has been recognised as an expense in the period, within the "administrative expenses" line item in the consolidated statement of profit or loss.

VIAGOLD CAPITAL LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 March 2019

16. Interests in an associate

Interests in an associate

	2019	2018
	A'000	A'000
At beginning of the year	337	465
Addition through acquisition of subsidiaries	-	-
Share of post-acquisition results	(149)	29
Impairment for the year	-	(191)
Exchange realignment	-	34
	<hr/>	<hr/>
At end of the year	<u>188</u>	<u>337</u>

At 31 March 2019, the Group has interest in the following associate:

Name of associate	Place of establishment and operations	Registered capital	Percentage of equity attributable to the Group
茂名市金晟礦業有限公司			
Maoming Jinsheng Minerals Company Limited @	PRC	RMB 9,600,000	25.50%

@ The English name is for identification purpose only

Principal activities of the associate are refining and trading of metal.

	2019	2018
	A'000	A'000
(Loss)/profit attributable to equity holders of the Company	<u>(149)</u>	<u>29</u>

In the opinion of the Directors, Maoming Jinsheng Minerals Company Limited did not have a material effect on the results or assets of the Group.

VIAGOLD CAPITAL LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 March 2019

17. Goodwill

	2019 A\$'000	2018 A\$'000
<u>Cost</u>		
At beginning of the year	2,856	2,778
Exchange realignment	(40)	78
	<hr/>	<hr/>
At end of the year	2,816	2,856
<u>Accumulated impairment losses</u>		
At beginning of the year	-	-
Recognised during the year	2,816	-
	<hr/>	<hr/>
At end of the year	2,816	-
	<hr/>	<hr/>
Carrying amount	-	2,856
	<hr/>	<hr/>

Goodwill is allocated to the cash-generating units that are expected to benefit from the business combination. The carrying amount of goodwill had been allocated to the segment, rare earth refining and separation.

Impairment testing of goodwill

During the year, the Group assessed the recoverable amount of goodwill associated with rare earth refining and separation segment by reference to value-in-use. The calculations used cash flow projections based on financial budgets approved by the management of the Company covering a five-year period. The discount rate used for value-in-use calculations was 17% (2018: 16%). The cash flows beyond the 5-year period are extrapolated using a steady 3% growth rate (2018: 3%). This growth rate is based on the relevant industry growth forecasts and does not exceed the average long-term growth rate for the relevant industry. Based on the management's assessment, the goodwill was fully impaired during the year ended 31 March 2019.

18. Financial assets at fair value through other comprehensive income/Available-for-sales financial assets

Available-for-sale financial assets were reclassified to financial assets at FVOCI (non-recycling) upon the initial application of HKFRS 9 at 1 April 2018, see Note 2 in details.

	2019 A\$'000	2018 A\$'000
Financial assets at FVOCI	1,913	-
Available-for-sales financial assets	-	2,278
	<hr/>	<hr/>

VIAGOLD CAPITAL LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 March 2019

18. Financial assets at fair value through other comprehensive income/Available-for-sales financial assets (Continued)

	2019	2018
	A\$'000	A\$'000
Unlisted equity shares		
Jiangsu Jiangnan Rural Commercial		
Bank Company Limited	<u>1,913</u>	<u>2,278</u>

The financial assets represents 4,100,969 ordinary shares (2018: 4,100,969 ordinary shares) in Jiangsu Jiangnan Rural Commercial Bank Company Limited.

The fair value of unlisted equity shares that are not traded in an active market is determined by using valuation techniques. These valuation techniques maximize the use of observable market data where it is available and rely as little as possible on entity-specific estimates. The financial asset is included in level 2.

19. Trade and other receivables

	2019	2018
	A\$'000	A\$'000
Trade receivables	9,164	4,778
Less: Impairment loss recognised	<u>(1,824)</u>	<u>-</u>
	7,340	4,778
Bills receivables	<u>21</u>	<u>29</u>
	<u>7,361</u>	<u>4,807</u>
Other receivables	10,165	12,685
Deposits and prepayments	6,969	1,960
Amounts due from related parties	2,570	1,818
Less: Impairment loss recognised	<u>(2,240)</u>	<u>-</u>
	<u>17,464</u>	<u>16,463</u>
	<u><u>24,825</u></u>	<u><u>21,270</u></u>

All the receivables (including amounts due from related parties) are expected to be recovered or recognised as expense within one year or are receivable on demand.

VIAGOLD CAPITAL LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 March 2019

19. Trade and other receivables (Continued)

(a) Impairment of trade and bills receivables

The Group's trading terms with its customers are mainly on credit. The credit period is generally for a period of 1 month. Each customer has a maximum credit limit. The Group seeks to maintain strict control over its outstanding receivables and has a credit control department to minimise credit risk. Overdue balances are reviewed regularly by senior management.

Expected credit losses for trade receivables related to credit-impaired accounts which are long overdue with significant amounts or known insolvencies or non-response to collection activities. Such credit-impaired receivables are assessed individually for impairment allowance. The Group determine the provision for expected credit losses by grouping together trade receivables with similar credit risk characteristics and collectively assessing them for likelihood of recovery, taking into account prevailing economic conditions.

Movements in impairment losses recognised in respect of trade receivables are as follows:

	2019 AS'000	2018 AS'000
At beginning of the year	-	22
Remeasurement under IFRS 9	1,774	-
Uncollectible impaired debts written off	-	(22)
Exchange realignment	50	-
	<hr/>	<hr/>
At end of the year	1,824	-

Movements in impairment losses recognised in respect of other receivables are as follows:

	2019 AS'000	2018 AS'000
At beginning of the year	-	-
Remeasurement under IFRS 9	2,180	-
Exchange realignment	60	-
	<hr/>	<hr/>
At end of the year	2,240	-

VIAGOLD CAPITAL LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 March 2019

19. Trade and other receivables (Continued)

- (b) The aged analysis of trade receivables presented based on the invoice date, net of impairment losses recognised was as follows:

	2019	2018
	A\$'000	A\$'000
1 to 90 days	6,970	4,778
91 to 180 days	33	-
181 to 365 days	337	-
Over 365 days	-	-
	<u>7,340</u>	<u>4,778</u>

- (c) As of 31 March 2019, trade receivables of approximately A\$370,000 (2018: Nil) were past due but not credit-impaired. These relate to a number of independent customers for whom there is no recent history of default. The aging analysis of these trade receivables is as follows:

	2019	2018
	A\$'000	A\$'000
Less than 180 days past due	33	-
181 to 365 days past due	337	-
	<u>370</u>	<u>-</u>

In determining the recoverability of the trade receivables, the Group monitors change in the credit quality of the trade receivables since the credit was granted and up to the reporting date. The directors of the Company considered that the trade receivables that are neither past due nor impaired to be of a good credit quality.

Amounts due from related parties are non-interest bearing, unsecured and repayable on demand.

The directors consider that the carrying amounts of trade and other receivables approximate to their fair values due to their short term maturities.

VIAGOLD CAPITAL LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 March 2019

20. Inventories

	2019	2018
	A\$'000	A\$'000
Raw materials	606	18,373
Work-in-progress	42,730	42,184
Finished goods	<u>3,480</u>	<u>8,530</u>
	<u><u>46,816</u></u>	<u><u>69,087</u></u>

Raw materials of apporoxiately AUD21,440,000 were written off during the year ended 31 March 2019 due to the loss on theft.

21. Pledged bank deposits

As at 31 March 2019, the Group pledged approximately A\$140,000 bank deposits (2018: A\$1,036,000), which is denominated in RMB, to bankers of the Group to secure the bill payables due within twelve months. The pledged bank deposits will be released upon the settlement of relevant bill payables.

22. Cash and cash equivalents

	2019	2018
	A\$'000	A\$'000
Cash at bank and on hand	<u>926</u>	<u>923</u>
Cash and cash equivalents in the consolidated statement of cash flows	<u><u>926</u></u>	<u><u>923</u></u>

23. Share capital

	Number of shares '000	Ordinary shares A\$'000
Issued and fully paid		
As at 1 April 2017	40,156	8,031
Issuance of new shares by exercise of warrants	<u>1,500</u>	<u>300</u>
As at 31 March 2018, 1 April 2018 and 31 March 2019	<u><u>41,656</u></u>	<u><u>8,331</u></u>

The total authorised number of ordinary shares is 100 million shares (2018: 100 million shares) with a par value of Australian twenty cents per share (2018: Australian twenty cents per share).

VIAGOLD CAPITAL LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 March 2019

24. Warrant reserve

On 14 December 2012, unlisted warrants issued to private professional investors were approved by shareholders at the Company's Annual General Meeting. 5,000,000 warrants were issued at A\$0.08 each on 4 February 2013, with each warrant entitling the holder to one ordinary share in the Company on further payment of the exercise price of A\$0.71. Final date for the exercise of these warrants is 30 November 2017.

On 12 February 2014, unlisted warrants issued to professional and sophisticated investors were approved by shareholders at the Company's Annual General Meeting. 5,000,000 warrants were issued at A\$0.03 on 25 October 2013, with each warrant entitling the holder to one ordinary share in the Company on further payment of the exercise price of A\$0.26. Final date for the exercise of these warrants is 16 December 2018.

On 13 June 2014, unlisted warrants issued to private professional investors were approved by shareholders at the Company's Special General Meeting. 6,000,000 warrants were issued at A\$0.05 each on 8 November 2014, with each warrant entitling the holder to one ordinary share in the Company on further payment of the exercise price of A\$0.40. Final date for the exercise of these warrants is 6 November 2019.

On 5 December 2015, unlisted warrants issued to private professional investors were approved by shareholders at the Company's Special General Meeting. 4,000,000 warrants were issued on 17 December 2015, 5,000,000 warrants were issued on 2 March 2016 and 3,000,000 warrants were issued on 3 March 2016 at A\$0.05 each respectively, with each warrant entitling the holder to one ordinary share in the Company on further payment of the exercise price of A\$0.44. Final date for the exercise of these warrants is 3 December 2020.

The Company has issued a total of 500,000 ordinary shares to private professional investors who exercised their unlisted warrants in December 2015 and January 2016 respectively. Exercise of 500,000 warrants will entitle the holder to 500,000 ordinary share in the Company on payment of exercise price at A\$0.71 each.

VIAGOLD CAPITAL LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 March 2019

24. Warrant reserve (Continued)

Movements in the warrants outstanding and their related weighted average exercise prices are as follows:

	Weighted average exercise price per share A\$	Number of underlying shares
As at 1 April 2017	0.44	27,500,000
Exercised	0.71	(1,500,000)
Lapsed	0.71	<u>(3,000,000)</u>
As at 31 March 2018	0.39	23,000,000
Lapsed	0.26	<u>(5,000,000)</u>
As at 31 March 2019	0.43	<u><u>18,000,000</u></u>

Warrants outstanding at the end of the year have the following expiry dates and exercise prices:

Expiry date	Exercise price per share A\$	2019 Number of underlying shares	2018 Number of underlying shares
16 December 2018	0.26	-	5,000,000
6 November 2019	0.40	6,000,000	6,000,000
3 December 2020	0.44	<u>12,000,000</u>	<u>12,000,000</u>

The weighted average share price at the date of exercise for warrant exercised during the year ended 31 March 2018 was A\$2.35.

VIAGOLD CAPITAL LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 March 2019

25. Deferred tax liabilities

The following are the major deferred income tax liabilities recognised and movements thereon during the current and prior periods:

	Fair value adjustments on acquisition of subsidiaries A\$'000
As at 1 April 2017	11,578
Charge to profit and loss during the year	123
Exchange realignment	1,119
	<hr/>
As at 31 March 2018	12,820
Charge to profit and loss during the year	(5,360)
Exchange realignment	17
	<hr/>
As at 31 March 2019	<u>7,477</u>

The Group has tax losses arising from operations in Mainland China of approximately A\$1,454,000 (2018: A\$1,223,000) that will expire in one to five years for offsetting against future taxable profits. Deferred tax assets have not been recognised in respect of these losses as they have arisen in subsidiaries that have been loss-making for some time and it is not considered probable that taxable profits will be available against which the tax losses can be utilised.

At the end of the reporting period, undistributed profits of subsidiaries amounted to approximately A\$12,993,000 (2018: A\$12,868,000). Withholding tax resulting from the distribution of such profits would amount approximately to A\$1,299,000 (2018: A\$1,287,000) if they are distributed to holding companies/shareholders outside of PRC. However, no deferred tax liabilities have been recognised in this respect as the Company controls the dividend policy of these subsidiaries and it has been determined that it is probable that these profits will not be distributed in the foreseeable future.

26. Trade and other payables

	2019 A\$'000	2018 A\$'000
Trade and bill payables	12,109	14,242
Other payables and accrued charges	1,759	6,774
Receipt in advance	-	99
Amounts due to key management personnel	2,495	1,675
Amounts due to related companies	41,150	23,758
	<hr/>	<hr/>
	<u>57,513</u>	<u>46,548</u>

VIAGOLD CAPITAL LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 March 2019

26. Trade and other payables (Continued)

The aged analysis of trade and bill payables presented based on the invoice date at the end of the reporting period was as follows:

	2019	2018
	AS'000	AS'000
1 to 90 days	3,316	2,738
91 to 180 days	7	19
181 to 365 days	3	6,618
Over 365 days	8,783	4,867
	<u>12,109</u>	<u>14,242</u>

The directors consider that the carrying amounts of other payables approximate to their fair values due to their short term maturities.

The amounts due to key management personnel and related companies are unsecured, interest free and repayable on demand.

27. Contract liabilities

	31 March 2019	1 April 2018
	AS'000	AS'000
Leasing and capital financing	96	70
Rare earth refining and separation	<u>16</u>	<u>29</u>
	<u>112</u>	<u>99</u>

Upon the adoption of IFRS 15, amounts previously included as "Receipts in advance" were reclassified to contract liabilities

When the Group receives a deposit before the goods this will give rise to contract liabilities at the start of a contract, until the revenue recognised.

For some sales orders, the Group may ask the customers to made a deposit on acceptance of the order, with the remainder of the consideration payable at the earlier of delivery of the finished goods and notice from the customer to cancel the order. If the customer cancels the order, then the group is immediately entitled to receive payment for work done to date.

VIAGOLD CAPITAL LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 March 2019

28. Short-term bank borrowing

	2019	2018
	A\$'000	A\$'000
Unsecured	<u>-</u>	<u>2,073</u>

The bank borrowings are unsecured and repayable within 1 year.

The effective interest rates of the borrowings are 5.8725% per annum.

29. Cash flow information

(a) Net cash generated from/(used in) operating activities

	2019	2018
	A\$'000	A\$'000
Loss before income tax	(28,501)	(1,150)
Adjustments for:		
- Amortization of land use rights	62	59
- Depreciation of fixed assets	1,181	1,197
- Gain on disposal of plant and equipment	86	(23)
- Share of result of an associate	149	(29)
- Write-off of inventories	21,440	-
- Impairment loss on interest of an associate	-	191
- Impairment loss on goodwill	2,816	-
- Interest income	(31)	(54)
- Interest expenses	47	112
Changes in working capital:		
- Trade and other receivables	(7,149)	(1,282)
- Trade and other payables	10,089	2,165
- Contract liabilities	112	-
- Inventories	1,098	(4,082)
Tax paid	<u>(19)</u>	<u>(75)</u>
Net cash generated from/(used in) operating activities	<u>1,380</u>	<u>(2,971)</u>

VIAGOLD CAPITAL LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 March 2019

29. Cash flow information

(b) Change in liabilities arising from financing activities

The following table shows the Group's change in liabilities arising from financing activities during the year:

	Short-term bank borrowing A\$'000	Total A\$'000
At 1 April 2017	-	-
Changes in cash flows	2,073	2,073
At 31 March 2018 and 1 April 2018	2,073	2,073
Changes in cash flows	(2,043)	(2,043)
Foreign exchange translations	(30)	(30)
At 31 March 2019	-	-

30. Related-party transactions

During the year, the Group had the following transactions and balances with related parties:

		2019 A\$'000	2018 A\$'000
Related parties	Nature of transactions		
Related companies	Consultancy and management services income	408	368
	Amounts due from related parties #	2,570	1,818
	Amounts due to related companies @	(41,150)	(23,758)
	Amounts due to key management personnel	(2,495)	(1,675)
Directors of the Company	Key management compensation	272	294

VIAGOLD CAPITAL LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 March 2019

30. Related-party transactions (con't)

Note:

Services fees were receivable from three education institutions under the common control of directors.

Amounts due from/to related parties are non-interest bearing, unsecured and repayable on demand.

#: The related parties are the family members of the key management personnel of the Group.

@: The related companies are controlled by the key management personnels of the Group.

31. Operating lease commitments

The Group leases out various motor vehicles and investment property under non-cancellable operating lease agreements. The lease terms are between 1 to 3 years, and the majority of lease agreements are renewable at the end of the period at market rate.

The future minimum lease receivables under non-cancellable operating leases are as follows:

	2019	2018
	A\$'000	A\$'000
Motor vehicles		
Not later than 1 year	259	270
Later than 1 year but not later than 5 years	159	370
	<u>418</u>	<u>640</u>
	2019	2018
	A\$'000	A\$'000
Property		
Not later than 1 year	122	57
Later than 1 year but not later than 5 years	213	-
	<u>335</u>	<u>57</u>

VIAGOLD CAPITAL LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued) **For the year ended 31 March 2019**

32. Particulars of principal subsidiaries

Particulars of principal subsidiaries at 31 March 2019 were as follows:

Name of subsidiary	Place of incorporation/ registration and operation	Issued and fully paid up share capital / registered capital	Attributable equity interests held by the Company		Principal activities
			Directly	Indirectly	
ViaGOLD International Education Management Group Holdings Limited	British Virgin Islands ("BVI")	US\$1	100%	-	Investment holding
Goldwin Century Limited	BVI	US\$1	-	100%	Investment holding
Goldwin Century Limited	Hong Kong	HK\$1	-	100%	Investment holding
珠海金网教育咨询有限公司 (Zhuhai ViaGOLD Education Consulting Limited * @)	PRC	HK\$5,400,000	-	100%	Provision of management and consultancy services to educational institutions
ViaGOLD Technology Limited	BVI	US\$1	100%	-	Investment holding
ViaGOLD Inc. Limited	Hong Kong	HK\$2	-	100%	Investment holding
北京华宝时代国际设备租赁有限公司 (Beijing Hua Bao Times International Leasing Company Limited * @)	PRC	US\$2,600,000	-	70%	Leasing and capital financing

VIAGOLD CAPITAL LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued) **For the year ended 31 March 2019**

32. Particulars of principal subsidiaries (Continued)

Name of subsidiary	Place of incorporation/ registration and operation	Issued and fully paid up share capital / registered capital	Attributable equity interests held by the Company		Principal activities
			<i>Directly</i>	<i>Indirectly</i>	
ViaGOLD Mining Group Limited	BVI	US\$1	100%	-	Investment holding
ViaGOLD Mining Group Limited	Hong Kong	HK\$2	-	100%	Trading of minerals
Polygoal Capital Limited	BVI	US\$10	-	100%	Investment holding
珠海宏杰企业管理 咨询有限公司 (Zhuhai Hongjie Enterprise Management Consulting Company Limited * @)	PRC	HK\$1,500,000	-	100%	Investment holding
深圳市讯达投资 有限公司 (Shenzhen Xunda Investment Company Limited @)	PRC	RMB10,000,000	-	51%	Investment holding
常州市海林稀土 有限公司 (Jintan Hailin Rare Earth Company Limited @ #)	PRC	RMB16,000,000	-	-	Rare earth refining and separation

VIAGOLD CAPITAL LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 March 2019

32. Particulars of principal subsidiaries (Continued)

Note:

* Wholly foreign-owned enterprises registered in the PRC

@ The English names are for identification purpose only

The Company and its subsidiaries do not hold any equity interests in Jintan Hailin Rare Earth Company Limited, nor, in any of its subsidiaries. Nevertheless, under the contractual agreements entered into between the Group, Jintan Hailin Rare Earth Company Limited and the ultimate controlling shareholders who are the registered owners of Jintan Hailin Rare Earth Company Limited, the directors of the Company determine that the Group has the power to govern the financial and operating policies of Jintan Hailin Rare Earth Company Limited so as to obtain benefits from their activities. As such, Jintan Hailin Rare Earth Company Limited is accounted for as subsidiary of the Group for accounting purposes.

Details of the Group's subsidiary that has material non-controlling interests ("NCI") is set out below:

Name of subsidiary	Place of incorporation and principal place of business	Proportion of ownership interests and voting rights indirectly held by		Profit/(loss) allocated to NCI		Accumulated NCI	
		NCI					
		2019	2018	2019	2018	2019	2018
				AS'000	AS'000	AS'000	AS'000
Jintan Hailin Rare Earth Company Limited	PRC	69%	69%	(20,036)	(86)	11,780	32,368
Individually immaterial subsidiaries with NCI				(121)	(141)	582	706
				<u>(20,157)</u>	<u>(227)</u>	<u>12,362</u>	<u>33,074</u>

VIAGOLD CAPITAL LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 March 2019

32. Particulars of principal subsidiaries (Continued)

The following tables illustrate the summarised financial information of the above subsidiary that has material NCI. The amounts disclosed are before any inter-company eliminations:

	2019	2018
	A\$'000	A\$'000
<u>Jintan Hailin Rare Earth Company Limited</u>		
Non-current assets	13,207	14,346
Current assets	73,202	89,471
Current liabilities	(54,441)	(43,883)
Non-current liabilities	<u>(7,958)</u>	<u>(13,294)</u>
Turnover	26,629	35,014
(Loss)/profit for the year	(28,870)	(124)
Total comprehensive loss for the year	<u>(22,630)</u>	<u>(335)</u>
Dividends paid to non-controlling interests	<u>-</u>	<u>-</u>
Net cash generated from/(used in) operating activities	1,394	(2,227)
Net cash used in investing activities	(117)	(728)
Net cash (used in)/generated from financing activities	<u>(1,204)</u>	<u>1,984</u>

VIAGOLD CAPITAL LIMITED

ADDITIONAL INFORMATION PURSUANT TO THE OFFICIAL LISTING RULES OF THE AUSTRALIAN SECURITIES EXCHANGE LIMITED

1. The statement of interests in share capital as at 31 May 2019 is as follows:

a. Distribution of shareholdings:

Size of holding	No. of ordinary shareholders
1 - 1,000	455
1,001 - 5,000	37
5,001 - 10,000	8
10,001 - 100,000	18
100,001 - 999,999,999	20
1,000,000,000 - 9,999,999,999	-
	<hr/>
	538
	<hr/>

b. The name of the substantial shareholder and the number of securities held as at 31 May 2019 are:

Names	No. of ordinary shares held
Harvest Smart Overseas Limited	10,962,290
Capital Luck Group Limited	10,000,000
Mr. Zhou Halin	7,000,000
Citicorp Nominees Pty Limited	3,775,023
Sa Ha Leong	1,500,000
	<hr/>
	33,237,313
	<hr/>

c. The 20 largest holders of the Company's securities are:

Names	No. of ordinary shares held	% of total issued of ordinary capital held
Harvest Smart Overseas Ltd	10,962,290	26.32%
Capital Luck Group Limited	10,000,000	24.01%
Mr Zhou Hailin	7,000,000	16.80%
Citicorp Nominees Pty Limited	3,775,023	9.06%
Sa Ha Leong	1,500,000	3.60%
Mr Chen Wei Qing	1,235,862	2.97%

VIAGOLD CAPITAL LIMITED

ADDITIONAL INFORMATION PURSUANT TO THE OFFICIAL LISTING RULES OF THE AUSTRALIAN SECURITIES EXCHANGE LIMITED (Continued)

1. The statement of interests in share capital as at 31 May 2019 is as follows (Continued):

c. The 20 largest holders of the Company's securities are (Continued):

Names	No. of ordinary shares held	% of total issued of ordinary capital held
J P Morgan Nominees Australia Pty Limited	1,216,500	2.92%
Guangdong Rare Earths Industry Group Co. Ltd	1,200,000	2.88%
Mr Liao Changyuan <Ling Ge Art Foundation A/C>	800,000	1.92%
HSBC Custody Nominees (Australia) Limited	644,433	1.55%
BNP Paribas Nominees Pty Ltd	507,459	1.22%
Mr Sio Kai Kuan	301,750	0.72%
Io Chong Leong	300,000	0.72%
Monex Boom Securities (HK) Ltd	292,485	0.70%
Bay Square Holdings Ltd	291,250	0.70%
Lanstone Investment Limited	225,000	0.54%
Chow Lai Wah	217,500	0.52%
Hainan Finance Limited	154,600	0.37%
Carleton Trading Ltd	105,175	0.25%
Fong Hong Kei	100,000	0.24%

d. Voting rights

Subject to the ASX Listing Rules and to any special rights, privileges or restrictions attaching to any class or classes of shares, every member is entitled to be present at a meeting in person, by proxy, representative or attorney. On a show of hands, every member who is present in person or by proxy has one vote for every share of which he is the holder, and on a poll; every member has (i) one vote for each fully paid share held by that person or (ii) voting rights pro-rata to the amount paid up on each partly paid share held by that person.

2. Share options outstanding as at 31 May 2019

Total number of outstanding share options	-
Total number of option holders	-

Since the remaining balance of 1,748,792 share options was lapsed on 8 April 2018, therefore the number of the share options as at 31 May 2019 stated was zero.

VIAGOLD CAPITAL LIMITED

ADDITIONAL INFORMATION PURSUANT TO THE OFFICIAL LISTING RULES OF THE AUSTRALIAN SECURITIES EXCHANGE LIMITED (Continued)

3. The name of the Company Secretary

Mr. King Choi Leung

4. Address and contact number:

The address and contact number of the principal registered office in Zhuhai is:

Floor 7, 53 Bailian Road,
Jida, Zhuhai,
Guangdong Province, PRC
Telephone: (86-756) 3320 271
Website: <http://www.viagold.ws>

The address and contact number of the principal registered office in Australia is:

Suite 1102, Level 11,
370 Pitt Street, Sydney, NSW,
Australia
Area Code: 2000
Telephone: 61-2 9283 3933

The address and contact number of the registered office provider in Bermuda is:

Conyers Corporate Services (Bermuda) Limited
Clarendon House
2 Church Street, Hamilton HM 11
Bermuda
Telephone: +1 (441) 295 5950

5. Register of securities are kept at the following address in Australia:

Computershare Investor Services Pty Limited
Yarra Falls, 452 Johnston Street
Abbotsford, Victoria, 3067
Australia
Telephone: 1300 850 505 (within Australia)
61 (3) 9415 4000 (outside Australia)