



## VIAGOLD RARE EARTH RESOURCES HOLDINGS LIMITED (ARBN 070 352 500)

### Appendix 4C

### Quarterly Cash Flow and Activities Report

ViaGold Rare Earth Resources Holdings Limited is pleased to announce its First Quarter Cash Flow and Activity Report (Appendix 4C) for its Fiscal Year 2020-2021.

#### Highlights

- The company is striking hard to continue to develop and test the Internet of Things + Blockchain Rare Earth provenance tracing system. This provenance tracing and trading system in rare earth shall be put on the Baotou Rare Earth Product Exchange to facilitate transactions for the supply of rare earths in China.
- The company has a positive Net Cash flow of A\$1,890K from operating activities and at the end of this quarter a Net Cash and cash equivalent of A\$1,826K to face this challenging Coronavirus epidemic.

#### Product and Technology Update

ViaGold Rare Earth Resources Holdings Limited's chairman believes that the current COVID-19 epidemic will continue for more months in 2020 and many countries have taken drastic steps to overcome the situation which brought a lot of economic changes in business environment and changes in investor behavior. But one thing that he believes is innovation of technologies is the future. He has foreseen this and bring it into action by developing the technology in "Internet of Things + Blockchain Rare Earth provenance tracing system". R&D is undergoing. Result for development and testing will be within months.



Baotou Stock Exchange is ready to apply for the government consent to apply the new product “Internet of Thing +Blockchain Rare Earth provenance tracing system” into its existing trading and provenance tracing system.

## Operating Cash Flow

Under the negative impact from COVID-19, the Company survive a positive net cash flow of A\$1,890K from its operating activities.

ViaGold Rare Earth Resources Holdings Limited (Code: VIA), basically is comprised of 4 segments,

The FIRST one is the Rare earth refining and separation whereas the COVID-19 pandemic has a negative impact on the operation. Drop in both Revenue and COS were recorded whereas office spending was kept at minimal. Apart from the Cash derived from revenue and spent in COS, the staff cost and administration and general expenses were all scaled down accordingly. The Cash Flow derived from operating activities for the quarter are from:

- 1) Receipt from buyers for
  - a) processed products - rare earth Oxide; and
  - b) processed products - rare earth Chloride.
- 2) Payments for the
  - a) product manufacturing and operating costs
  - b) Marketing expenses
  - c) staff costs; and
  - d) Administration Expenses

For the period under review, there is no spending on leasehold improvement, building, motor vehicles, furniture and equipment, plant and machinery.

The SECOND one is Leasing and Capital Financing whereas there are two regular income and regular expenses.



- 1) One is the rental income for the property under contract;
- 2) The other is the rental income under contracts for leasing out cars to contracted customers; and
- 3) Monthly Expenditure are normal and regularly spent and recorded.

For the period under review there is no spending on purchasing vehicles and leasehold improvement, building, furniture and equipment, plant and machinery. In May 2020 there is a new contract signed for leasing out one vehicle in stock.

The THIRD one is the provision of consultancy and management services to education institutions whereas income are stably taken accordingly to contracts signed and regular expenses were spent and recorded. The contracts basically contributed by the following 1)-3) fee income.

- 1) Management fee
- 2) Consultancy fee
- 3) IT services fee
- 4) Monthly Expenditure are normal and regularly spent and recorded.

For the period under review, there is no new contract and no spending on leasehold improvement, building, motor vehicles, furniture and equipment, plant and machinery.

THE FOURTH ONE is Investment Holdings which deal with investment and capital expenditure such as

- 1) ASX listing fee and others;
- 2) Computershare monthly fee;
- 3) Australia Company Representative fee and office rental; and
- 4) Directors remuneration.

For the period under review there were no bond, warrant nor right that issued, and there was no spending on leasehold improvement, building, motor vehicles, furniture and equipment, plant and machinery.



## CASH POSITION

1. Net Cash inflow from receipts from customers amounted to \$3,855K for the quarter includes the 3 segments as follows:

Receipts from customers	A\$3,728K	Basically from three sectors 1) Rare earth processing for A\$3,611K 2) Provision of Management and Consultancy Services for Education Institution a/ Management fee: A\$52K b/ Consultancy fee: A\$46K c/ IT Services: A\$19K Total a)+b)+c)= A\$117K These two added to A\$3,728K
Rental Income	A\$127K	3) Generated basically from Leasing and capital financing of A\$127K including both car leasing and one self-owned property rental.

The subsidiary of rare earth refining and separation segment acted fast to match its inventory of raw materials to production for sales, reducing its work force and minimized its administration cost in response to the COVID-19 disease while the two other segments-Provision of management and consultancy services to education institutions and Leasing and capital investment remain stable under contracts. After the payments of all the costs and income taxes, the net Cash from operating activities is A\$1,890K.

2. Net Cash flow from investing activities for (A\$2,012K) is cash flow from repayment to other entities (A\$2,012K).

3. There was no cash flow from financing activities.



4. & 5. At the end of the quarter (30 June 2020), there was A\$1,826K cash and cash equivalent which is the available funding for future operating activities.

6. The payments made to related parties were 6.1: remuneration to director during the period (A\$12K); and 6.2: the repayment of loan for (A\$2,012K). The Company's rare earth subsidiary – Jitan Hailin Rare Earth Company Limited (Hailin) used to be supported by a related enterprise Jiangsu ShuiDe Energy Savings Technology Limited (Jingsu ShuiDe) which is majorly owned (90%) by the son of the chairman of Hailin. The support started before the Company acquired the rare earth refinery and separation enterprise (Hailin) in 2017. In FY2020 it has lent A\$2.6M to Hailin for its working capital requirement. In this quarter of FY2021, a A\$2.0M was repaid to Jiangsu ShuiDe. As at 30 June 2020, there is loan outstanding in this account and Jiangsu ShuiDe will continue to render its support to Hailin from time to time in the future.

7. No Financing arrangement has been made for the period.

8. With the Net Cash from operating activities of A\$1,890K and Cash and Cash Equivalents at quarter end for A\$1,826K, the Company aim to sustain in FY2020 and target for strong sales in FY2021.

## OUTLOOK

Looking forward, the company will continue to have negative impact on the company revenue from the current COVID-19 pandemic. The company will strike hard to sustain in this economic environment and concentrate on the technology development on the Internet of Things + Blockchain on provenance rare earth tracing system to deliver growth in the FY2021.

## INVESTOR ENQUIRIES

CEO

Vivien Shi, +86 756 3320271

The Board has authorized the release of this announcement to the market

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**ViaGold Rare Earth Resources Holdings Limited**

(Listed in ASX code VIA)

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ARBN 070 352 500

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## Appendix 4C

### Quarterly cash flow report for entities subject to Listing Rule 4.7B

#### Name of entity

VIAGOLD RARE EARTH RESOURCES HOLDINGS LIMITED

#### ARBN

070 352 500

#### Quarter ended ("current quarter")

30 JUNE 2020

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (.....months) \$A'000
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	3,728	3,728
1.2 Payments for		
(a) research and development	-	-
(b) product manufacturing and operating costs	(1,437)	(1,437)
(c) advertising and marketing	(23)	(23)
(d) leased assets	(6)	(6)
(e) staff costs	(248)	(248)
(f) administration and corporate costs	(195)	(195)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	3	3
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	(59)	(59)
1.7 Government grants and tax incentives	-	-
1.8 Other (provide details if material)	127	127
<b>1.9 Net cash from / (used in) operating activities</b>	<b>1,890</b>	<b>1,890</b>

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Consolidated statement of cash flows		Current quarter \$A'000	Year to date (.....months) \$A'000
<b>2.</b>	<b>Cash flows from investing activities</b>		
2.1	Payments to acquire or for:		
	(a) entities	-	-
	(b) businesses	-	-
	(c) property, plant and equipment	-	-
	(d) investments	-	-
	(e) intellectual property	-	-
	(f) other non-current assets	-	-
2.2	Proceeds from disposal of:		
	(a) entities	-	-
	(b) businesses	-	-
	(c) property, plant and equipment	-	-
	(d) investments	-	-
	(e) intellectual property	-	-
	(f) other non-current assets	-	-
2.3	Cash flows from loans to other entities	(2,012)	(2,012)
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
<b>2.6</b>	<b>Net cash from / (used in) investing activities</b>	<b>(2,012)</b>	<b>(2,012)</b>

<b>3.</b>	<b>Cash flows from financing activities</b>		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	-
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	-	-

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Consolidated statement of cash flows		Current quarter \$A'000	Year to date (.....months) \$A'000
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
<b>3.10</b>	<b>Net cash from / (used in) financing activities</b>	<b>-</b>	<b>-</b>

<b>4.</b>	<b>Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1	Cash and cash equivalents at beginning of period	2,527	2,527
4.2	Net cash from / (used in) operating activities (item 1.9 above)	1,890	1,890
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(2,012)	(2,012)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	-	-
4.5	Effect of movement in exchange rates on cash held	(578)	(578)
<b>4.6</b>	<b>Cash and cash equivalents at end of period</b>	<b>1,826</b>	<b>1,826</b>



5. <b>Reconciliation of cash and cash equivalents</b> at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	<b>Current quarter \$A'000</b>	<b>Previous quarter \$A'000</b>
5.1      Bank balances	1,825	1,825
5.2      Call deposits	-	-
5.3      Bank overdrafts	-	-
5.4      Other (provide details)	1	1
<b>5.5      Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>1,826</b>	<b>1,826</b>

6. <b>Payments to related parties of the entity and their associates</b>	<b>Current quarter \$A'000</b>
6.1      Aggregate amount of payments to related parties and their associates included in item 1	(12)
6.2      Aggregate amount of payments to related parties and their associates included in item 2	(2,012)

*Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments.*

7. <b>Financing facilities</b> <i>Note: the term "facility" includes all forms of financing arrangements available to the entity. Add notes as necessary for an understanding of the sources of finance available to the entity.</i>	<b>Total facility amount at quarter end \$A'000</b>	<b>Amount drawn at quarter end \$A'000</b>
7.1      Loan facilities	-	-
7.2      Credit standby arrangements	-	-
7.3      Other (please specify)	-	-
<b>7.4      Total financing facilities</b>	<b>-</b>	<b>-</b>
<b>7.5      Unused financing facilities available at quarter end</b>		-
7.6      Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.		
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8. Estimated cash available for future operating activities	\$A'000
8.1 Net cash from / (used in) operating activities (item 1.9)	1,890
8.2 Cash and cash equivalents at quarter end (item 4.6)	1,826
8.3 Unused finance facilities available at quarter end (item 7.5)	-
8.4 Total available funding (item 8.2 + item 8.3)	1,826
8.5 Estimated quarters of funding available (item 8.4 divided by item 8.1)	N/A
<i>Note: if the entity has reported positive net operating cash flows in item 1.9, answer item 8.5 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.5.</i>	
8.6 If item 8.5 is less than 2 quarters, please provide answers to the following questions:	
8.6.1 Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?	
Answer: N/A	
8.6.2 Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?	
Answer: N/A	
8.6.3 Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?	
Answer: N/A	
<i>Note: where item 8.5 is less than 2 quarters, all of questions 8.6.1, 8.6.2 and 8.6.3 above must be answered.</i>	



## Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Date: .....31 July 2020.....

Authorised by: Ms. Viviven Shi, C.E.O. of ViaGold Rare Earth Resources Holdings Limited has authorized the release of this announcement to the market. ....

(Name of body or officer authorising release – see note 4)

## Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.