



VIAGOLD RARE EARTH RESOURCES HOLDINGS LIMITED

(ARBN 070 352 500)

Appendix 4C

Q3 FY21 Quarterly Cash Flow and Activities Report

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

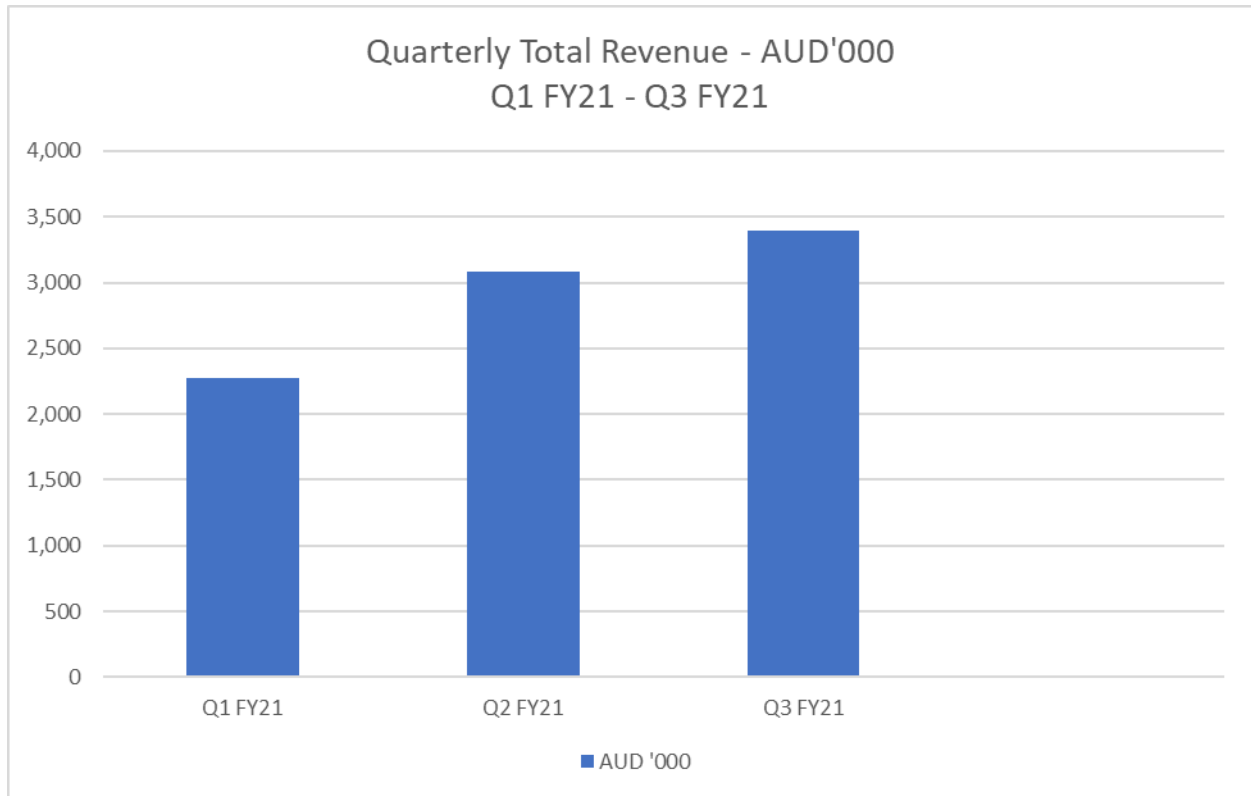
Q3 FY21 Highlights

1/. Q3 FY21 Revenue A\$3,394,428.20 (unaudited) with growth 10.05% over Q2 FY21 (A\$3,084,555.00). Please see chart below.

2/. Disregarding that the contracts for the Education Management and Consulting Services segment had been terminated for the period since August 2020, Q3 FY21 cash receipt from customers had reached A\$3,750,842.82 and a net cash from operating activities for A\$491,420.19.

3/. The development and testing of the Internet of Things + Blockchain Rare Earth Provenance Tracing System (the "System") continued to be worked and tested at home of the professional research team. Because of the travel restriction from COVID-19 pandemic, the placing such System on the Baotou Rare Earth Product Exchange to facilitate transactions for the supply of rare earths in China was delayed. The Company is looking for a breakthrough for completion in 2021.

4/. The Company's cash balance as at 31 December 2020 was A\$5,567,000 (Q2 F21 A\$4,813,000).



Operating Cash Flow/Performance of Operations

For Q3 FY21: since the Education Management and Consulting Services segment no longer engaged in its contracts since August 2020, the Company continues to operate under the 3 basic segments.

1. Rare Earth processing and refinery;
2. Leasing and capital financing; and
3. Investment holding.

There is a fourth one – mineral trading, which we included as one of the Company's business segment some years ago. The Company's co-operated company that incorporated in HengQin last September is engaging in mineral trading, but it is only an associate company that the Company owned 35%, we do not include their operation in our Cash Flow but we will still keep track and monitor closely this HengQin entity from time to time and keep our investors informed. Up to the present moment, it has already commenced a few transactions in Q3 F21.

1. The rare earth processing and refinery segment remained the main stream of the Company's businesses. Under the various disruptions of Covid-19 pandemic, the working and management team was working tirelessly to maintain a moderate growth over previous two quarters and achieved a A\$3,394K revenue which represented a 10% growth over last Q2 FY21 of A\$3,085K. Also, they strike hard to further reduce staff cost, administration and corporate costs as well as product manufacturing and operating cost so as to achieve both the revenue and profit growth.
2. For the Leasing and Capital Financing segment: the car leasing contract for 21 vehicles terminated on 15 December, 2020. It was renewed for 17 vehicles on same day leaving 4 vehicles opened for leasing. There was small impact on the segment revenue. The property rental market remained strong in Beijing.



As such, this segment achieved a revenue of A\$72K, represented a growth of 18% over the A\$61K in Q2 FY21.

- 3 In line with the announcement of a co-operation agreement entered with WuXi ZhongLianJin Warehousing and Logistic Co. Ltd and WuXi PuXin Stainless Steel Co. Ltd to established a HengQin entity in September 2020, the Company had injected its 35% shareholding contribution for AUD374K into this HenQin entity.

CASH POSITION

1. The Company Cash Inflows from operating activities were:

- a. Receipt from customers for A\$3,751K comprising:
 - i/ from rare earth processing and refinery for A\$3,676K;
 - ii/ from car leasing and property rental for A\$75K.
- b. Receipt from bank interest for A\$3K; and
- c. Receipt from return on financial instruments for A\$7K.

Disregarding the many disruptions and negative impact from COVID-19 pandemic, the Company had worked hard to reduce all those costs which formed the Cash outflow from operating activities as follows:

- a. Payments for staff cost for A\$134K;
- b. Payments for administration and corporate costs for A\$317K; and
- c. Payments of product manufacturing and operating cost for A\$2,819K.

2. Cash flows from loans to other entities for A\$507K were:



- a. For the lending to subsidiary for A\$374K in its contribution to the new HengQin entities in October, 2020; and
 - b. for the repayment of borrowings for A\$133K.
3. There was no cash flows from financing activities for the period.
- 4.& 5. The cash and cash equivalents at the end of the period has been built up to A\$5,567K from the A\$4,813K in Q2 FY21.
6. Payments made to related parties and their associates included in item 6.1 of the Appendix 4C for A\$8K was the remuneration to directors; and in item 6.2, it is partially the lending of A\$374K to its subsidiary for the contribution of capital injection into the HengQin associate and the rest was net repayment of A\$133K to Jiangsu ShuiDe Energy Savings Technology Limited for the period. Jiangsu ShuiDe is majority owned by a related party.
7. There was no financing arrangement for the period
8. Net cash available for future operating activities continue to grow, with the total available fund of cash and cash equivalent of A\$5,567K, the management is confident that it will refrain from the negative impacts of this ferocious COVID-19 pandemic.

Outlook

While maintaining the current businesses, the Company will actively pursue the development and testing on the Internet of Things + Blockchain on Provenance Rare Earth Tracing System and at the same time look for good business opportunities in the segment of rare earth industry to bring fruitful benefit to all shareholders.



FORWARD LOOKING STATEMENTS

These ASX announced statements includes certain forward looking statements that are based on information known as of the date 31 December 2020 and are subject to various uncertainties. The actual results and performance could be significantly different from those expressed in, or implied by, these forward-looking statements. These statements are not guarantees of future performance or results, and may involve risks, uncertainties and other negative factors which may cause actual result substantially deviate from those expressed herein the statements.

Authorised by: The Board of Directors of ViaGold Rare Earth Resources Holdings Limited has approved and authorized the release of this announcement to the market.



Appendix 4C

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

Name of entity

VIAGOLD RARE EARTH RESOURCES HOLDINGS LIMITED

ABN

070 352 500

Quarter ended ("current quarter")

31 December, 2020

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (9 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	3,751	12,493
1.2 Payments for		
(a) research and development	-	-
(b) product manufacturing and operating costs	(2,819)	(7,284)
(c) advertising and marketing	-	(23)
(d) leased assets	-	(12)
(e) staff costs	(134)	(571)
(f) administration and corporate costs	(317)	(867)
1.3 Dividends received (see note 3)	-	

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(Listed in ASX code VIA)

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Consolidated statement of cash flows	Current quarter \$A'000	Year to date (9 months) \$A'000
1.4 Interest received	3	8
1.5 Interest and other costs of finance paid		
1.6 Income taxes paid	-	(106)
1.7 Government grants and tax incentives		
1.8 Other (provide details if material)	7	223
1.9 Net cash from / (used in) operating activities	491	3,861

2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(g) entities		
(h) businesses		
(i) property, plant and equipment		
(j) investments		
(k) intellectual property		
(l) other non-current assets		
2.2 Proceeds from disposal of:		
(m) entities		
(n) businesses		
(o) property, plant and equipment		
(p) investments		

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
	(q) intellectual property		
	(r) other non-current assets		
2.3	Cash flows from loans to other entities	(507)	(940)
2.4	Dividends received (see note 3)		
2.5	Other (provide details if material)		
2.6	Net cash from / (used in) investing activities	(507)	(940)

3.	Cash flows from financing activities		
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		
3.5	Proceeds from borrowings	-	35
3.6	Repayment of borrowings	-	(84)
3.7	Transaction costs related to loans and borrowings		
3.8	Dividends paid		
3.9	Other (provide details if material)		
3.10	Net cash from / (used in) financing activities	-	(49)

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (9 months) \$A'000
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4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	4,813	2,527
4.2	Net cash from / (used in) operating activities (item 1.9 above)	491	3,861
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(507)	(940)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	-	(49)
4.5	Effect of movement in exchange rates on cash held	770	168
4.6	Cash and cash equivalents at end of period	5,567	5,567

5. Reconciliation of cash and cash equivalents	Current quarter \$A'000	Previous quarter \$A'000
at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts		
5.1 Bank balances	5,118	4,809
5.2 Call deposits		
5.3 Bank overdrafts		
5.4 Other (provide details) Cash on hand	449	4
5.5 Cash and cash equivalents at end of quarter (should equal item 4.6 above)	5,567	4,813

6. Payments to related parties of the entity and their associates	Current quarter \$A'000
6.1 Aggregate amount of payments to related parties and their associates included in item 1	(8)
6.2 Aggregate amount of payments to related parties and their associates included in item 2	(507)

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.	Financing facilities	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
	<i>Note: the term "facility" includes all forms of financing arrangements available to the entity.</i>		
	<i>Add notes as necessary for an understanding of the sources of finance available to the entity.</i>		
7.1	Loan facilities		
7.2	Credit standby arrangements		
7.3	Other (please specify)		
7.4	Total financing facilities		
7.5	Unused financing facilities available at quarter end		
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.		

8.	Estimated cash available for future operating activities	\$A'000
8.1	Net cash from / (used in) operating activities (item 1.9)	491
8.2	Cash and cash equivalents at quarter end (item 4.6)	5,567
8.3	Unused finance facilities available at quarter end (item 7.5)	-
8.4	Total available funding (item 8.2 + item 8.3)	5,567

8.5 **Estimated quarters of funding available (item 8.4 divided by item 8.1)**

N/A

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.

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

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.



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: 29 January, 2021

Authorised by: The Board of Directors of ViaGold Rare Earth Resources Holdings Limited has approved and 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.