

VIAGOLD RARE EARTH RESOURCES HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(ARBN: 070 352 500)

Preliminary Final Report

For the year ended 31 March 2021

ASX Appendix 4E

VIAGOLD RARE EARTH RESOURCES HOLDINGS LIMITED

PRELIMINARY FINAL REPORT FOR THE YEAR ENDED 31 MARCH 2021

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VIAGOLD RARE EARTH RESOURCES HOLDINGS LIMITED

PRELIMINARY FINAL REPORT FOR THE YEAR ENDED 31 MARCH 2021

RESULTS FOR ANNOUNCEMENT TO THE MARKET

1. Name of Entity

ARBN:

Financial year ended (reporting period)

Financial year ended (previous corresponding period)

VIAGOLD RARE EARTH RESOURCES HOLDINGS LIMITED 070 352 500 31 March 2021 31 March 2020

2. Results for announcement to the market

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

		<u>2021</u>	<u>2020</u>	<u>Change</u>	<u>Change</u>
		A\$'000	A\$'000	A\$'000	%
2.1	Revenue from ordinary activities	19,222	21,303	(2,081)	-10%
2.2	Loss from ordinary activities after tax attributable to the equity holders of the Company	(34)	(1,427)	1,393	-98%
2.3	Net loss for the reporting period attributable to the equity holders of the Company	(34)	(1,427)	1,393	-98%
2.4	Dividends	Amount per security		Franked amount per security	
	Final dividend	Nil		N/A	
	Interim dividend	Nil		N/A	
	Previous corresponding period	Nil		N/A	
2.5	Record date for determining entitlements to the dividend	N/A			

VIAGOLD RARE EARTH RESOURCES HOLDINGS LIMITED

PRELIMINARY FINAL REPORT FOR THE YEAR ENDED 31 MARCH 2021

EXPLANATION OF RESULTS

I hereby announce the following important events during the period under audit:

On 1 March 2021, there was increase in authorized capital from A\$40,000,000 to A\$60,000,000 by the creation of an additional 100,000,000 ordinary shares of A\$0.20 each ranking pari-passu to the existing ordinary shares.

On behalf of the Board of Directors of ViaGold Rare Earth Resources Holdings Limited and its subsidiaries (collectively referred to as the “Group”), I am pleased to present the 2020/2021 annual results of the Group for year ended 31 March 2021.

REVIEW

From the year 2020, the global economy has dealt a heavy blow by the COVID-19 pandemic. This sudden and perplexing changes has heavy impact to import/export and local economies. Although in the last few months of this year the economy has been showing picking-up, the business environment is still struggling in the process of recovery.

Nevertheless, for the year ended 31 March 2021, the Group recorded a consolidated revenue of A\$19,222,000 (period ended 31 March 2020 A\$21,303,000). This represented a drop of 9.7% over last fiscal year.

GAIN AND LOSS

- (A) For the 12 months period, the Rare Earth Refining and Separation sector recorded a revenue drop of 8.4% of A\$18,793,000 (period ended 31 March 2020 A\$20,517,000) which was basically attributed to the zero revenue generated in July 2020 due to COVID-19 pandemic; however enjoyed a profit of A\$2,340,000 which was contributed by the rebound of market demand and price for rare earth material in the first quarter of 2021 and the A\$121,000 income generated by return on investment (dividend and interest income).
- (B) During the period under audit, the 3 years contract Leasing and Capital Financing sector has expired in December 2020 and was renewed in January 2021 with less vehicles. The released vehicles will be swapped by new ones and contract will be renewed after fiscal year end for another batch of cars. This attributed to the drop in revenue of A\$278,000 (period ended 31 March 2020: A\$362,000) which represented a drop of 23.2%.

New purchase of cars was carried out in April and May and new contract was signed in May. Accordingly, it is forecasted that revenue will resume to normal shortly with the renewal of new contracts.

VIAGOLD RARE EARTH RESOURCES HOLDINGS LIMITED

PRELIMINARY FINAL REPORT FOR THE YEAR ENDED 31 MARCH 2021

EXPLANATION OF RESULTS (Continued)

GAIN AND LOSS (Continued)

- (C) During the period 1 April 2020-31 March 2021, all the contracts for the Education Management and Consulting Sector were terminated on 31 July 2020 which attributed to the drop in revenue for the sector to A\$151,000 (full period ended 31 March 2020: A\$424,000), representing a drop of 64.3% and a drop in profit to loss of A\$59,000 (full period ended 31/3/2020: profit of A\$49,000).

OUTLOOK

Looking forward, the Group will continue to focus on the Rare Earth and related businesses. The continuing evolution of technology has resulted in a wider application of rare earth products. The invention of new products in multiple industries is involved with the rare earth application development such as new energy vehicles, 5G smart phones and rare earth permanent magnet motors which basically make use of rare earth such as Neodymium (Nd), Dysprosium (Dy) and Terbium (Tb) which is the principal area of our production for the sector. So we have strong reasons to believe that the group's rare earth business has a bright future with the recovery and development of the domestic and international economy.

The research and development on the “Internet of things + Blockchain Rare Earth Provenance Tracing System” is still undergoing. Once it's completed, we believe its application with Baotou Rare Earth Exchange will bring a good return to the group and its shareholders.

With the signing of new contract in May, the car leasing sector has a full new start in calendar 2021 and we are actively seeking for more long term leasing contracts to sustain a growth pattern.

APPRECIATION

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

VIAGOLD RARE EARTH RESOURCES HOLDINGS LIMITED

PRELIMINARY FINAL REPORT FOR THE YEAR ENDED 31 MARCH 2021

OTHER INFORMATION

1. Net assets per security	Current Reporting Period	Previous Corresponding Period
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Net assets backing per ordinary security	A\$0.08	A\$0.07
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2. Dividends

There was no dividend paid or declared during the current year (2020: Nil).

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

N/A

4. Details of associates and joint venture entities

For the year ended 31 March 2021, the Group only have interests in associates and no joint venture entities.

VIAGOLD RARE EARTH RESOURCES HOLDINGS LIMITED

PRELIMINARY FINAL REPORT FOR THE YEAR ENDED 31 MARCH 2021

CONSOLIDATED STATEMENT OF PROFIT AND LOSS

	2021 A\$'000 (Unaudited)	2020 A\$'000 (Audited)
Turnover	19,222	21,303
Cost of services and sales	<u>(15,752)</u>	<u>(32,738)</u>
Gross profit/ (loss)	3,470	(11,435)
Other income	170	444
Administrative expenses	(1,992)	(2,883)
Impairment loss under expected credit loss model, net of reversal	-	(13,726)
Share of result of an associate	<u>2</u>	<u>(10)</u>
Profit/ (loss) before income tax	1,650	(27,610)
Income tax (expenses)/credit	<u>(37)</u>	<u>7,490</u>
Profit/ (loss) for the year	<u><u>1,613</u></u>	<u><u>(20,120)</u></u>
Attributable to:		
Equity holders of the Company	(34)	(1,427)
Non-controlling interests	<u>1,647</u>	<u>(18,693)</u>
	<u><u>1,613</u></u>	<u><u>(20,120)</u></u>
Loss per share attributable to the equity holders of the Company		
- Basic	<u><u>(A\$0.0004)</u></u>	<u><u>(A\$0.02)</u></u>
- Diluted	<u><u>(A\$0.0004)</u></u>	<u><u>(A\$0.02)</u></u>

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

VIAGOLD RARE EARTH RESOURCES HOLDINGS LIMITED

PRELIMINARY FINAL REPORT FOR THE YEAR ENDED 31 MARCH 2021

CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

	2021	2020
	A\$'000	A\$'000
	(Unaudited)	(Audited)
Profit/ (loss) for the year	1,613	(20,120)
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	(696)	1,358
Fair value gain on financial assets at fair value through other comprehensive income	-	813
Total comprehensive income/(loss) for the year	<u>917</u>	<u>(17,949)</u>
Total comprehensive income/(loss) attributable to:		
Equity holders of the Company	(820)	1,459
Non-controlling interests	<u>1,737</u>	<u>(19,408)</u>
	<u>917</u>	<u>(17,949)</u>

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

VIAGOLD RARE EARTH RESOURCES HOLDINGS LIMITED

PRELIMINARY FINAL REPORT

As at 31 March 2021

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	2021 A\$'000 (Unaudited)	2020 A\$'000 (Audited)
ASSETS		
Non-current assets		
Fixed assets		
- Investment property	402	496
- Plant and equipment	5,613	7,349
Right-of-use assets	4,086	4,729
Interests in an associate	522	194
Financial assets at fair value through other comprehensive income	<u>3,610</u>	<u>4,116</u>
	<u>14,233</u>	<u>16,884</u>
Current assets		
Inventories	28,149	34,462
Trade and other receivables	15,224	8,552
Amounts due from related companies	100	1,219
Pledged bank deposits	872	280
Cash and cash equivalents	<u>2,106</u>	<u>2,527</u>
	<u>46,451</u>	<u>47,040</u>
Total assets	<u><u>60,684</u></u>	<u><u>63,924</u></u>

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

VIAGOLD RARE EARTH RESOURCES HOLDINGS LIMITED

PRELIMINARY FINAL REPORT

As at 31 March 2021

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Continued)

	2021	2020
	A\$'000	A\$'000
	(Unaudited)	(Audited)
CAPITAL AND RESERVES		
Equity		
Share capital	16,662	16,662
Reserves	<u>(4,354)</u>	<u>(3,975)</u>
Capital and reserves attributable to the equity holders of the Company	12,308	12,687
Non-controlling interests	<u>(5,309)</u>	<u>(7,046)</u>
Total equity	6,999	5,641
LIABILITIES		
Non-current liabilities		
Amount due to a related company	<u>16,005</u>	<u>-</u>
Current liabilities		
Trade and other payables	14,956	14,982
Amounts due to related companies	15,544	39,767
Amounts due to key management personnel	2,782	3,295
Contract liabilities	4,365	202
Tax payable	<u>33</u>	<u>37</u>
	<u>37,680</u>	<u>58,283</u>
Net current assets/ (liabilities)	<u>8,771</u>	<u>(11,243)</u>
Total equity and liabilities	<u>60,684</u>	<u>63,924</u>

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

VIA GOLD RARE EARTH RESOURCES HOLDINGS LIMITED

PRELIMINARY FINAL REPORT FOR THE YEAR ENDED 31 MARCH 2021

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to equity holders of the Company										
	Share capital A\$'000	Share premium A\$'000	Translation reserve A\$'000	Contributed surplus A\$'000	Warrant reserve A\$'000	Share-based compensation reserve A\$'000	Investment revaluation reserve A\$'000	Accumulated losses A\$'000	Sub-total A\$'000	Non-controlling interests A\$'000	Total equity A\$'000
As at 1 April 2019	8,331	44,330	(26,855)	47,645	930	1,707	(381)	(65,728)	9,979	12,362	22,341
- Loss for the year	-	-	-	-	-	-	-	(1,427)	(1,427)	(18,693)	(20,120)
- Exchange differences arising on translation of foreign operations	-	-	2,073	-	-	-	-	-	2,073	(715)	1,358
- Fair value loss on financial assets at fair value through other comprehensive income	-	-	-	-	-	-	813	-	813	-	813
Total comprehensive income for the year	-	-	2,073	-	-	-	813	(1,427)	1,459	(19,408)	(17,949)
Issue of shares	8,331	(7,082)							1,249	-	1,249
Transactions with equity holders in their capacity	-	-	-	-	(330)	-	-	330	-	-	-
- Transfer of warrant reserve upon lapse of warrants	-	-	-	-	-	(1,707)	-	1,707	-	-	-
- Transfer of share-based compensation reserve upon lapse of share options											
As at 31 March 2020	16,662	37,248	(24,782)	47,645	600	-	432	(65,118)	12,687	(7,046)	5,641
As at 1 April 2020	16,662	37,248	(24,782)	47,645	600	-	432	(65,118)	12,687	(7,046)	5,641
- Loss for the year	-	-	-	-	-	-	-	(34)	(34)	1,647	1,613
- Exchange differences arising on translation of foreign operations	-	-	(786)	-	-	-	-	-	(786)	90	(696)
Total comprehensive loss for the year	-	-	(786)	-	-	-	-	(34)	(820)	1,737	917
Transactions with equity holders in their capacity	-	-	-	441	-	-	-	-	441	-	441
- Capital contribution from ultimate shareholder											
As at 31 March 2021	16,662	37,248	(25,568)	48,086	600	-	432	(65,152)	12,308	(5,309)	6,999

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

VIAGOLD RARE EARTH RESOURCES HOLDINGS LIMITED

PRELIMINARY FINAL REPORT FOR THE YEAR ENDED 31 MARCH 2021

CONSOLIDATED STATEMENT OF CASH FLOWS

	2021 A\$'000 (Unaudited)	2020 A\$'000 (Audited)
Operating activities		
Net cash generated from operating activities	<u>858</u>	<u>508</u>
Investing activities		
Purchase of fixed assets	(174)	(87)
Consideration paid for investment in an associate	(350)	-
Interest received	<u>49</u>	<u>22</u>
Net cash used in investing activities	<u>(475)</u>	<u>(65)</u>
Financing activities		
Increase of pledged fixed deposits	(643)	(118)
Proceeds from issuance of new shares	<u>-</u>	<u>1,249</u>
Net cash (used in)/generated from financing activities	<u>(643)</u>	<u>1,131</u>
Net (decrease)/ increase in cash and cash equivalents	(260)	1,574
Cash and cash equivalents at the beginning of the year	2,527	926
Effect of foreign exchange rate change, net	<u>(161)</u>	<u>27</u>
Cash and cash equivalents at the end of the year	<u><u>2,106</u></u>	<u><u>2,527</u></u>

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

VIAGOLD RARE EARTH RESOURCES HOLDINGS LIMITED

PRELIMINARY FINAL REPORT FOR THE YEAR ENDED 31 MARCH 2021

NOTES TO THE PRELIMINARY FINAL REPORT

Note 1. Statement of Significant Accounting Policies

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

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

The preliminary final report has been prepared under the historical cost convention, as modified by the revaluations of financial assets and financial liabilities which are carried at their fair values. The accounting policies adopted in this report is the same as those disclosed in the consolidated financial statements for the year ended 31 March 2021.

The International Accounting Standards Board ("IASB") has issued a number of new International Financial Reporting Standards and IFRIC interpretations ("IFRSs") and amendments to IFRSs that are first effective for the current accounting period of the Group.

Definition of a Business (Amendments to IFRS 3)

Amendments to IFRS 3 were mandatorily effective for reporting periods beginning on or after 1 April 2020. The Group has applied the revised definition of a business for acquisitions occurring on or after 1 April 2020 in determining whether an acquisition is accounted for in accordance with IFRS 3 Business Combinations. The amendments do not permit the Group to reassess whether acquisitions occurring prior to 1 April 2020 met the revised definition of a business.

COVID-19-Related Rent Concessions (Amendments to IFRS 16)

Effective 1 June 2020, IFRS 16 was amended to provide a practical expedient for lessees accounting for rent concessions that arise as a direct consequence of the COVID-19 pandemic and satisfy the following criteria:

- (a) The change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;
- (b) The reduction in lease payments affects only payments originally due on or before 30 June 2021; and,
- (c) There is no substantive change to other terms and conditions of the lease.

Rent concessions that satisfy these criteria may be accounted for in accordance with the practical expedient, which means the lessee does not assess whether the rent concession meets the definition of a lease modification. Lessees apply other requirements in IFRS 16 in accounting for the concession.

VIAGOLD RARE EARTH RESOURCES HOLDINGS LIMITED

PRELIMINARY FINAL REPORT FOR THE YEAR ENDED 31 MARCH 2021

NOTES TO THE PRELIMINARY FINAL REPORT (continued)

Note 1. Statement of Significant Accounting Policies (continued)

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

The current reporting in the preliminary final report is the year ended 31 March 2021 while the prior year is the year ended 31 March 2020.

Note 2. Segment Reporting

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

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

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

VIAGOLD RARE EARTH RESOURCES HOLDINGS LIMITED

PRELIMINARY FINAL REPORT FOR THE YEAR ENDED 31 MARCH 2021

NOTES TO THE PRELIMINARY FINAL REPORT (continued)

Note 2. Segment Reporting (continued)

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

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

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

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

VIAGOLD RARE EARTH RESOURCES HOLDINGS LIMITED

**PRELIMINARY FINAL REPORT
FOR THE YEAR ENDED 31 MARCH 2021**

NOTES TO THE PRELIMINARY FINAL REPORT (continued)

Note 2. Segment Reporting (continued)

The segment information provided to the management for the reporting segments for the year ended 31 March 2021 is as follows:

(Unaudited)	Leasing and capital financing A\$'000	Provision of consultancy and management services to educational institutions A\$'000	Rare earth refining and separation A\$'000	Total A\$'000
Segment revenue	278	151	18,793	19,222
Inter-segment revenue	-	-	-	-
Revenue from external customers	278	151	18,793	19,222
Reportable segment profit before income tax	(182)	(59)	2,340	2,099
Unallocated corporate expenses				(449)
Profit before income tax				1,650
Depreciation	(208)	(54)	(814)	(1,076)
Depreciation of right-of-use assets	-	-	(62)	(62)
Interest income	20	-	29	49
As at 31 March 2021				
Reportable segment assets	1,558	188	57,983	59,729
Interests in an associate				522
Unallocated corporate assets				433
Consolidated total assets				60,684
Non-current assets				
(Other than financial instruments)	784	179	9,139	10,102
Unallocated corporate assets				521
				10,623
Additions to non-current assets				
(Other than financial instruments)	-	-	174	174
Reportable segment liabilities	(197)	(454)	(55,492)	(56,143)
Unallocated corporate liabilities				2,458
Consolidated total liabilities				(53,685)

The Group's customer base includes three (2020: four) customers with whom transactions have exceeded 10% of the Group's total revenue. Revenue from sales to these customers amounted to A\$4,121,000, A\$3,747,000 and A\$3,182,000 each which related to rare earth refining and separation segment (2020: A\$8,267,000, A\$3,551,000, A\$3,270,000 and A\$2,347,000 each which related to rare earth refining and separation segment).

VIAGOLD RARE EARTH RESOURCES HOLDINGS LIMITED

**PRELIMINARY FINAL REPORT
FOR THE YEAR ENDED 31 MARCH 2021**

NOTES TO THE PRELIMINARY FINAL REPORT (continued)

Note 2. Segment Reporting (continued)

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

(Audited)	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	362	424	20,517	21,303
Inter-segment revenue	-	-	-	-
Revenue from external customers	<u>362</u>	<u>424</u>	<u>20,517</u>	<u>21,303</u>
Reportable segment (loss)/profit before income tax	(129)	49	(26,877)	(26,957)
Unallocated corporate expenses				<u>(653)</u>
Loss before income tax				<u>(27,610)</u>
Depreciation of fixed assets	(223)	(55)	(840)	(1,118)
Depreciation of right-of-use assets	-	-	(62)	(62)
Interest income	<u>18</u>	<u>-</u>	<u>4</u>	<u>22</u>
As at 31 March 2019				
Reportable segment assets	1,884	523	59,967	62,374
Interests in an associate				194
Unallocated corporate assets				<u>1,356</u>
Consolidated total assets				<u>63,924</u>
Non-current assets				
(Other than financial instruments)	931	265	11,382	12,578
Unallocated corporate assets				<u>190</u>
				<u>12,768</u>
Additions to non-current assets				
(Other than financial instruments)	<u>-</u>	<u>-</u>	<u>87</u>	<u>87</u>
Reportable segment liabilities	(131)	(807)	(59,670)	(60,608)
Unallocated corporate liabilities				<u>2,325</u>
Consolidated total liabilities				<u>(58,283)</u>

VIAGOLD RARE EARTH RESOURCES HOLDINGS LIMITED

PRELIMINARY FINAL REPORT FOR THE YEAR ENDED 31 MARCH 2021

NOTES TO THE PRELIMINARY FINAL REPORT (continued)

Note 3. Additions to Plant and Equipment

During the year, the Group acquired plant and equipment at a cost of approximately A\$174,000 (Year ended 31 March 2020: approximately A\$87,000).

Note 4. Audit Status

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