

VIAGOLD RARE EARTH RESOURCES HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(ARBN: 070 352 500)

Reports and Consolidated Financial Statements

For the year ended 31 March 2021

VIAGOLD RARE EARTH RESOURCES HOLDINGS LIMITED

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VIAGOLD RARE EARTH RESOURCES HOLDINGS LIMITED

CHAIRMAN'S ADDRESS TO SHAREHOLDERS

I am pleased to 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.

I am also pleased to present the 2020/2021 annual results of Viagold Rare Earth Resources Holdings Limited and its subsidiaries collectively referred to as the “Group” and the outlook for 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 (year ended 31 March 2020 A\$21,303,000). This represented a drop of 9.7% over last fiscal year.

GAIN AND LOSS

- (i) For the 12 months period, the Rare Earth Refining and Separation sector recorded a revenue drop of 8.4% of A\$18,793,000 (year 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\$1,991,000 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).
- (ii) 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 (year 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

CHAIRMAN'S ADDRESS TO SHAREHOLDERS (Continued)

GAIN AND LOSS (Continued)

- (iii) During the year ended 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 (year ended 31 March 2020: A\$424,000), representing a drop of 64.3% and a drop in profit to loss of A\$59,000 (year ended 31 March 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 their continuing support, and my fellow directors and all the dedicated staffs for their hard work and valuable contributions during the year.

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Mr. Liao Changyuan
Chairman
30 June 2021

VIAGOLD RARE EARTH RESOURCES HOLDINGS 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 2021 (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 five non-executive directors. Details of the directors are set out on page 5 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 RARE EARTH RESOURCES HOLDINGS 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.	<p>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.</p> <p>This required to be done by means of an annual review and evaluation.</p>	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 RARE EARTH RESOURCES HOLDINGS 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 8 Directors, of which 5 are non-executive directors. Mr. Yan Wang, Mr. Funchuan Guo and Mr. Xunchang Hu can be characterized as independent for the purposes of the ASX Guidelines. Ms. Jingcui Hung was appointed on 30 September 2019 as non-executive director and Dr. Shi has resigned as Chairman but resumed his position as non-executive director on 30 September 2019. The other 3 members of the Board are executive directors comprises of Ms. Mulei Shi, Mr. King Choi Leung and Mr. Changyuan Liao.</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 RARE EARTH RESOURCES HOLDINGS 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, Mr. Changyuan Liao is an executive directors of the Company. Mr. Liao is not considered to be an independent director by reason of him being an executive director of the Company.</p> <p>The Board regards Mr. Liao as the best person to chair the Company in the interests of all shareholders.</p>	The Board recognize the importance of the chair being held by an independent director, however, it believes Mr. Liao to be the most appropriate person for the role, given his diverse background and most importantly, his knowledge of the major business activities in the rare-earth industry.
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 RARE EARTH RESOURCES HOLDINGS 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 shareholders); • 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 RARE EARTH RESOURCES HOLDINGS 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 RARE EARTH RESOURCES HOLDINGS 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.

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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. 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 RARE EARTH RESOURCES HOLDINGS 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 RARE EARTH RESOURCES HOLDINGS 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). <p>The Board considers issues of continuous disclosure at each of its meetings.</p> <p>The Company also regularly reviews such matters as:</p> <ul style="list-style-type: none"> • 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 RARE EARTH RESOURCES HOLDINGS 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 RARE EARTH RESOURCES HOLDINGS 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 RARE EARTH RESOURCES HOLDINGS 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 RARE EARTH RESOURCES HOLDINGS 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 RARE EARTH RESOURCES HOLDINGS 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 RARE EARTH RESOURCES HOLDINGS LIMITED**CORPORATE GOVERNANCE STATEMENT (Continued)**

No.	ASX Key Governance Principles	Compliance	Non-compliance
8	Remunerate reasonably and fairly (Continued)		
8.4	Companies which have equity based remuneration scheme should: (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 (b) disclose that policy or a summary of it	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 RARE EARTH RESOURCES HOLDINGS 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 RARE EARTH RESOURCES HOLDINGS LIMITED

CORPORATE GOVERNANCE STATEMENT (Continued)

Directors' emoluments

For the year ended 31 March 2021, the annual directors' remuneration are as follows:

Name of directors	Amount AS'000
Dr. Longguang Shi	4
Ms. Mulei Shi	39
Mr. King Choi Leung	43
Mr. Changyuan Liao	4
Mr. Yan Wang	-
Mr. Fuchuan Guo	-
Mr. Xunchang Hu	-
Ms. Jingcui Hong	-

VIAGOLD RARE EARTH RESOURCES HOLDINGS LIMITED

DIRECTORS' REPORT

The directors are pleased to present their annual report and the audited consolidated financial statements for the year ended 31 March 2021.

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 28 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
Ms. Jingcui Hong

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, Ms. Mulei Shi, Mr. 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 RARE EARTH RESOURCES HOLDINGS LIMITED

DIRECTORS' REPORT (Continued)

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

VIAGOLD - MANAGEMENT TEAM

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 has resigned as Chairman on 30 September 2019 but resumed as non-executive director of the Company. 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.

Chairman and Executive Director - Ms. Changyuan Liao

Mr. Changyuan Liao, age 56, was appointed as Chairman on 30 September 2019. Mr. Liao has been executive director of the Company since October 2017. He is one of the co-founders and chairman of the Administrative Committee of Ling Ge Art Foundation established in Macao, China. He also is vice-chairman of Maoming Jingshen Mining Company Limited, a subsidiary of Rising Nonferrous Metals Co Ltd which is a listed company listed on the Shanghai Stock Exchange (Code: SH600259). He had served 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 20 years of business management experience in the finance sector and 10 years in the rare earth sector. Mr. Liao holds an MBA from Royal Roads University, British Columbia, Canada.

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.

VIAGOLD RARE EARTH RESOURCES HOLDINGS LIMITED

DIRECTORS' REPORT (Continued)

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT (Continued)

VIAGOLD - MANAGEMENT TEAM (Continued)

Non-executive Director - Ms. Jingcui Hong

Ms. Jingcui Hong, age 39, is an outstanding senior investment expert that has ample experience in the supervising and management of rare-earth industry. Ms. Hong has actively and outstandingly served the large-scale stated-own company of Rising Nonferrous Metals Co Ltd which is a listed company listed on the Shanghai Stock Exchange (Code: SH600259); and Guangdong Rare Earths Industry Group Co Ltd. Ms Hong holds a Bachelor Degree in York University, Toronto, Canada major in Financial Investment in 2010.

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 54, 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 60, 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 RARE EARTH RESOURCES HOLDINGS 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	12	12
Ms. Mulei Shi	12	12
Mr. King Choi Leung	12	12
Mr. Changyuan Liao	12	12
Mr. Yan Wang	12	9
Mr. Fuchuan Guo	12	12
Mr. Xunchang Hu	12	12
Ms. Jingcui Hong	12	-

RESULTS

The results of the Group for the year ended 31 March 2021 are set out in the consolidated statement of profit or loss and consolidated statement of other comprehensive income on pages 34 and 35. 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 12 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 21 to the consolidated financial statements.

VIAGOLD RARE EARTH RESOURCES HOLDINGS LIMITED

DIRECTORS' REPORT (Continued)

SIGNIFICANT EVENTS AFTER THE END OF THE REPORTING PERIOD

No matter or circumstance has risen since 31 March 2021 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 2021, 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	(Note a)	-	12,000,000
Ms. Mulei Shi	(Note a)	-	8,000,000
Mr. King Choi Leung		150,000	-
Mr. Changyuan Liao	(Note b)	1,600,500	-

Note:

- (a) Dr. Longguan Shi and Ms. Mulei Shi are the beneficial owners of Capital Luck Group Limited.
- (b) Mr. Changyuan Liao is holding the shares for Ling Ge Art Foundation A/C.

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 27 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 RARE EARTH RESOURCES HOLDINGS LIMITED

DIRECTORS' REPORT (Continued)

DIRECTORS' BENEFITS

Other than as disclosed in note 8 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

,



Changyuan Liao
Chairman

30 June 2021

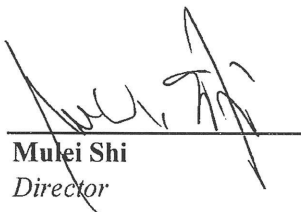
VIAGOLD RARE EARTH RESOURCES HOLDINGS LIMITED

DIRECTORS' DECLARATION

The directors of the Company declare that, For the year ended 31 March 2021:

- 1 The attached consolidated financial statements and notes thereto as set out on pages 34 to 102:
 - (a) comply with the International Financial Reporting Standards; and
 - (b) present fairly of the Group's financial position as at 31 March 2021 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

30 June 2021

INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF VIAGOLD RARE EARTH RESOURCES HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

Opinion

We have audited the consolidated financial statements of ViaGOLD Rare Earth Resources Holdings Co., Limited (the "Company") and its subsidiaries ("the Group") set out on pages 34 to 102, which comprise the consolidated statement of financial position as at 31 March 2021, 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 2021, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRSs") issued by International Accounting Standards Board ("IASB").

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing ("ISAs") issued by the International Audit and Assurance Standards Board ("IAASB"). 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

Valuation of inventories

Refer to Note 17 to the consolidated financial statements

<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 included:</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 report;- 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 to the consolidated financial statements.
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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

Refer to Notes 3.2 and 16 to the consolidated financial statements

<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 2021, the carrying amount of trade receivables is approximately A\$1,318,000 (net of allowance for doubtful debts of approximately A\$8,795,000).</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; - evaluating the 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 forward looking 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; and
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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 16 in the consolidated financial statements

	- checking, on a sample basis, the ageing profile of the trade receivables as at 31 March 2021 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, action taken to eliminate threats or safeguards applied.

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, 30 June 2021

VIAGOLD RARE EARTH RESOURCES HOLDINGS LIMITED

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 March 2021

	Note	2021 A\$'000	2020 A\$'000
Revenue	5	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	6	170	444
Administrative expenses		(2,150)	(2,883)
Impairment loss under expected credit loss model, net of reversal		(191)	(13,726)
Share of result of associates		<u>2</u>	<u>(10)</u>
Profit/(loss) before taxation	7	1,301	(27,610)
Income tax (expenses)/credit	10	<u>(562)</u>	<u>7,490</u>
Profit/(loss) for the year		<u><u>739</u></u>	<u><u>(20,120)</u></u>
Attributable to:			
Equity holders of the Company		(280)	(10,964)
Non-controlling interests		<u>1,019</u>	<u>(9,156)</u>
		<u><u>739</u></u>	<u><u>(20,120)</u></u>
Loss per share attributable to the equity holders of the Company	11		
- Basic		<u>(A\$0.003)</u>	<u>(A\$0.16)</u>
- Diluted		<u><u>(A\$0.003)</u></u>	<u><u>(A\$0.16)</u></u>

The notes on pages 40 to 102 form an integral part of these consolidated financial statements.

VIAGOLD RARE EARTH RESOURCES HOLDINGS LIMITED

CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2021

	2021	2020
	A\$'000	A\$'000
Profit/(loss) for the year	739	(20,120)
Other comprehensive income/(loss) for the year		
Items that may be reclassified subsequently to profit or loss		
Exchange difference arising in		
translation of foreign operations	(233)	1,358
Fair value gain on financial assets at fair value		
through other comprehensive income	-	813
Total comprehensive income/(expenses) for the year	506	(17,949)
Total comprehensive income/(expenses) attributable to:		
Equity holders of the Company	204	(12,164)
Non-controlling interests	302	(5,785)
	506	(17,949)

The notes on pages 40 to 102 form an integral part of these consolidated financial statements.

VIAGOLD RARE EARTH RESOURCES HOLDINGS LIMITED

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2021

	Note	2021 A\$'000	2020 A\$'000
ASSETS			
Non-current assets			
Fixed assets	12		
- Investment property		435	496
- Plant and equipment		5,564	7,349
Right-of-use assets	13	4,086	4,729
Interests in an associate	14	522	194
Financial assets at fair value through other comprehensive income	15	3,610	4,116
		<u>14,217</u>	<u>16,884</u>
Current assets			
Inventories	17	28,149	34,462
Trade and other receivables	16	10,509	8,552
Amounts due from related parties	24	100	1,219
Financial assets at fair value through profit or loss	20	5,122	-
Pledged bank deposits	18	872	280
Cash and bank balances	19	1,586	2,527
		<u>46,338</u>	<u>47,040</u>
Total assets		<u><u>60,555</u></u>	<u><u>63,924</u></u>

The notes on pages 40 to 102 form an integral part of these consolidated financial statements.

VIAGOLD RARE EARTH RESOURCES HOLDINGS LIMITED

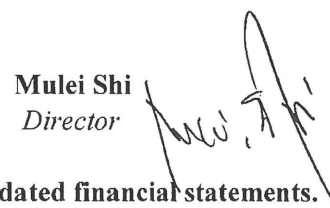
CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Continued)

As at 31 March 2021

	Note	2021 AS'000	2020 AS'000
CAPITAL AND RESERVES			
Equity			
Share capital	21	16,662	16,662
Reserves		<u>(16,784)</u>	<u>(17,598)</u>
Capital and reserves attributable to the equity holders of the Company		(122)	(936)
Non-controlling interests		<u>7,370</u>	<u>6,577</u>
Total equity		<u>7,248</u>	<u>5,641</u>
LIABILITIES			
Non-current liabilities			
Amount due to a related company	24	<u>14,904</u>	<u>-</u>
Current liabilities			
Trade and other payables	23	15,118	14,982
Amounts due to related companies	24	15,544	39,767
Amounts due to key management personnel	24	2,782	3,295
Contract liabilities	25	4,414	202
Tax payable		<u>545</u>	<u>37</u>
		<u>38,403</u>	<u>58,283</u>
Net current assets/ (liabilities)		<u>7,935</u>	<u>(11,243)</u>
Total equity and liabilities		<u>60,555</u>	<u>63,924</u>

The consolidated financial statements on pages 34 to 102 were approved and authorised for issue by the board of directors on 30 June 2021 and are signed on its behalf by:


Changyuan Liao
 Director


Mulei Shi
 Director

The notes on pages 40 to 102 form an integral part of these consolidated financial statements.

VIAGOLD RARE EARTH RESOURCES HOLDINGS LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2021

	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	Other reserve (Note) AS'000	Accumulated losses AS'000	Sub-total AS'000	Non-controlling interests AS'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	-	-	-	-	-	-	-	-	-	-	-	-
- Exchange differences arising on translation of foreign operations	-	-	(2,013)	-	-	-	-	-	(10,964)	(10,964)	(9,156)	(20,120)
- Fair value loss on financial assets at fair value through other comprehensive income	-	-	-	-	-	-	813	-	-	813	-	813
Total comprehensive income for the year	-	-	(2,013)	-	-	-	813	-	(10,964)	(12,164)	(5,785)	(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	(28,868)	47,645	600	-	432	-	(74,655)	(936)	6,577	5,641
As at 1 April 2020	16,662	37,248	(28,868)	47,645	600	-	432	-	(74,655)	(936)	6,577	5,641
- Loss for the year	-	-	-	-	-	-	-	-	(280)	(280)	1,019	739
- Exchange differences arising on translation of foreign operations	-	-	484	-	-	-	-	-	-	484	(717)	(233)
Total comprehensive income for the year	-	-	484	-	-	-	-	-	(280)	204	302	506
Transactions with equity holders in their capacity	-	-	-	-	(600)	-	-	-	600	-	-	-
- Transfer of warrant reserve upon lapse of warrants	-	-	-	-	-	-	-	-	(491)	(491)	491	-
- Partial disposal of subsidiaries without loss of control (Note 30)	-	-	-	-	-	-	-	-	-	-	-	-
- Arising from amount due to a related company	-	-	-	-	-	-	-	1,101	-	1,101	-	1,101
As at 31 March 2021	16,662	37,248	(28,384)	47,645	-	-	432	1,101	(74,826)	(122)	7,370	7,248

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.

Note: Other reserve represents the difference between the carrying amount of amount due to a related company and its fair value at amortised cost using effective interest method with effective interest rate at 6.8% per annum, as described in Note 24.

The notes on pages 40 to 102 form an integral part of these consolidated financial statements.

VIAGOLD RARE EARTH RESOURCES HOLDINGS LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 March 2021

	Note	2021 A\$'000	2020 A\$'000
Operating activities			
Net cash generated from operating activities	26	<u>4,810</u>	<u>508</u>
Investing activities			
Purchase of fixed assets		(174)	(87)
Payments for financial assets at fair value through profit or loss		(5,122)	-
Consideration paid for investment in an associate		(350)	-
Interest received		<u>49</u>	<u>22</u>
Net cash used in investing activities		<u>(5,597)</u>	<u>(65)</u>
Financing activities			
Increase of pledged fixed deposits		(627)	(118)
Proceeds from issuance of new shares		<u>-</u>	<u>1,249</u>
Net cash (used in)/ generated from financing activities		<u>(627)</u>	<u>1,131</u>
Net (decrease)/ increase in cash and cash equivalents		(1,414)	1,574
Cash and cash equivalents at the beginning of the year		2,527	926
Effect of foreign exchange rate change, net		<u>1,197</u>	<u>27</u>
Cash and cash equivalents at the end of the year	19	<u><u>2,310</u></u>	<u><u>2,527</u></u>

The notes on pages 40 to 102 form an integral part of these consolidated financial statements.

VIAGOLD RARE EARTH RESOURCES HOLDINGS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2021

1. General information

VIAGOLD RARE EARTH RESOURCES HOLDINGS 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 105.

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 28.

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 30 June 2021.

2. Significant accounting policies

2.1. Basis of preparation of consolidated 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, except for financial assets at fair value through other comprehensive income and profit or loss which have been measured at fair value.

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 consolidated 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 RARE EARTH RESOURCES HOLDINGS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 March 2021

2. Significant accounting policies (Continued)

2.1. Basis of preparation of consolidated financial statements (Continued)

Application of amendments to International Financial Reporting Standards ("IFRSs")

The IASB has issued a number of new and amended IFRS. The Group has applied for the first time of the following amended IFRS issued by IASB, which are relevant to the Group's operations and effective for the Group's consolidated financial statements for the accounting period beginning on or after 1 April 2020:

Amendments to IAS 1 and IAS 8	Definition of Material
Amendments to IFRS 3	Definition of a Business
Amendments to IFRS 9, IAS 39 and IFRS 7	Interest Rate Benchmark Reform
Amendments to IFRS 16	COVID-19-Related Rent Concessions

Except as described below, the adoption of the amended IFRSs had no material impact on how the results and financial position for the current and prior periods have been prepared and presented.

Definition of Material (Amendments to IAS 1 and IAS 8)

The Group has applied the Amendments to IAS 1 and IAS 8 for the first time in the current year. The amendments provide a new definition of material that states “information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity.” The amendments also clarify that materiality depends on the nature or magnitude of information, either individually or in combination with other information, in the context of the financial statements taken as a whole.

The application of the amendments in the current year had no impact on the consolidated financial statements.

Definition of a Business (Amendments to IFRS 3)

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.

The amendments had no impact on the consolidated financial statements of the Group but may impact future periods should the Group make any acquisition.

VIAGOLD RARE EARTH RESOURCES HOLDINGS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 March 2021

2. Significant accounting policies (Continued)

2.1. Basis of preparation of consolidated financial statements (Continued)

Application of amendments to International Financial Reporting Standards ("IFRSs") (Continued)

Interest Rate Benchmark Reform – IBOR ‘phase 2’ (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16)

These amendments to various IFRS standards are mandatorily effective for reporting periods beginning on or after 1 January 2021, however, the Group has adopted them early for the current reporting period. The amendments provide relief to Group in respect of certain loans whose contractual terms are affected by interest benchmark reform. See the applicable notes for further details on how the amendments affected the Group.

The amendments had no impact on the consolidated financial statements of the Group.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 March 2021

2. Significant accounting policies (Continued)

2.1. Basis of preparation of consolidated 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 issued but are not yet effective:

IFRS 17	Insurance Contracts ¹
Amendments to IAS 37	Onerous Contracts – Cost of Fulfilling a Contract ²
Amendments to IAS 16	Property, Plant and Equipment: Proceeds before Intended Use ²
Amendments to IFRS 1, IFRS 9, IFRS 16 and IAS 41	Annual Improvements to IFRS Standards 2018-2020 ²
Amendments to IFRS 3	References to Conceptual Framework ²

¹ Effective for annual periods beginning on or after 1 January 2023.

² Effective for annual periods beginning on or after 1 January 2022.

The directors of the Company anticipate that the application of all other new and amendments to IFRSs will have no material impact on the consolidated financial statements in the foreseeable future.

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.

When the Company has less than a majority of the voting rights of an investee, it considers that it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including:

VIAGOLD RARE EARTH RESOURCES HOLDINGS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 March 2021

2. Significant accounting policies (Continued)

2.2. Basis of consolidation (Continued)

- the size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Company, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

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.

Changes in the Group's interests in subsidiaries that do not result in a loss of control are accounted for as equity transactions. The carrying amount of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to the owners of the Company.

VIAGOLD RARE EARTH RESOURCES HOLDINGS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 March 2021

2. Significant accounting policies (Continued)

2.2. Basis of consolidation (Continued)

When the Group loses control of a subsidiary, the gain or loss on disposal recognised in profit or loss is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), less liabilities of the subsidiary and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as required/permitted by applicable IFRS Standards). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IFRS 9 when applicable, or the cost on initial recognition of an investment in an associate or a joint venture.

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.

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 results and assets and liabilities of associates is incorporated in these financial statements using the equity method of accounting, except when the investment is classified as held for sale, in which case it is accounted for in accordance with IFRS 5.

Under the equity method, an investment in an associate is recognised initially in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate. When the Group's share of losses of an associate exceeds the Group's interest in that associate (which includes 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 recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

VIAGOLD RARE EARTH RESOURCES HOLDINGS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 March 2021

2. Significant accounting policies (Continued)

2.4. Associates (Continued)

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 in an associate, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within 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 the investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

The requirements of IAS 36 are applied to determine whether it is necessary to recognise any impairment loss with respect to the Group's investment in an associate. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with IAS 36 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 is not allocated to any asset, including goodwill that forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with IAS 36 to the extent that the recoverable amount of the investment subsequently increases.

The Group discontinues the use of the equity method from the date when the investment ceases to be an associate. When the Group retains an interest in the former associate and the retained interest is a financial asset, the Group measures the retained interest at fair value at that date and the fair value is regarded as its fair value on initial recognition in accordance with IFRS 9. The difference between the carrying amount of the associate at the date the equity method was discontinued, and the fair value of any retained interest and any proceeds from disposing of a part interest in the associate is included in the determination of the gain or loss on disposal of the associate. In addition, the Group accounts for all amounts previously recognised in other comprehensive income in relation to that associate on the same basis as would be required if that associate had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognised in other comprehensive income by that associate would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) when the associate is disposed of.

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

When a Group entity transacts with an associate of the Group, profits and losses resulting from the transactions with the associate is recognised in the Group's consolidated financial statements only to the extent of interests in the associate that is not related to the Group.

VIAGOLD RARE EARTH RESOURCES HOLDINGS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 March 2021

2. Significant accounting policies (Continued)

2.4. Associates (Continued)

The Group applies IFRS 9, including the impairment requirements, to long-term interests in an associate to which the equity method is not applied and which form part of the net investment in the investee.

2.5. 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.

2.6. 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 functional currency of the Company is Hong Kong Dollars ("HKD"). 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.

In preparing the financial statements of the Group entities, transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing on the dates of the transactions. At each reporting date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

VIAGOLD RARE EARTH RESOURCES HOLDINGS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 March 2021

2. Significant accounting policies (Continued)

2.6. Foreign currency translation (Continued)

Exchange differences are recognised in profit or loss in the period in which they arise except for:

- exchange differences on foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings;
- exchange differences on transactions entered into to hedge certain foreign currency risks (see below under financial instruments/hedge accounting); and
- exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur in the foreseeable future (therefore forming part of the net investment in the foreign operation), which are recognised initially in other comprehensive income and reclassified from equity to profit or loss on disposal or partial disposal of the net investment.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated at exchange rates prevailing on the reporting date. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the date of transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in a foreign exchange translation reserve (attributed to non-controlling interests as appropriate).

On the disposal of a foreign operation (i.e. a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation or a partial disposal of an interest in a joint arrangement or an associate that includes a foreign operation of which the retained interest becomes a financial asset), all of the exchange differences accumulated in a foreign exchange translation reserve in respect of that operation attributable to the owners of the company are reclassified to profit or loss.

In addition, in relation to a partial disposal of a subsidiary that includes a foreign operation that does not result in the Group losing control over the subsidiary, the proportionate share of accumulated exchange differences are re-attributed to non-controlling interests and are not recognised in profit or loss. For all other partial disposals (i.e. partial disposals of associates or joint arrangements that do not result in the Group losing significant influence or joint control), the proportionate share of the accumulated exchange differences is reclassified to profit or loss.

VIAGOLD RARE EARTH RESOURCES HOLDINGS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 March 2021

2. Significant accounting policies (Continued)

2.7. Revenue from contracts with customers

The Group recognises revenue when (or as) a performance obligation is satisfied, i.e. when “control” of the goods or services underlying the particular performance obligation is transferred to the customer.

A performance obligation represents a good or service (or a bundle of goods or services) that is distinct or a series of distinct goods or services that are substantially the same.

Control is transferred over time and revenue is recognised over time by reference to the progress towards complete satisfaction of the relevant performance obligation if one of the following criteria is met:

- the customer simultaneously receives and consumes the benefits provided by the Group’s performance as the Group performs;
- the Group’s performance creates and enhances an asset that the customer controls as the Group performs; or
- the Group’s performance 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.

Otherwise, revenue is recognised at a point in time when the customer obtains control of the distinct good or service.

A contract asset represents the Group’s right to consideration in exchange for goods or services that the Group has transferred to a customer that is not yet unconditional. It is assessed for impairment in accordance with IFRS 9. 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 goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer.

A contract asset and a contract liability relating to a contract are accounted for and presented on a net basis.

VIAGOLD RARE EARTH RESOURCES HOLDINGS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 March 2021

2. Significant accounting policies (Continued)

2.7. Revenue from contracts with customers (Continued)

Existence of significant financing component

In determining the transaction price, the Group adjusts the promised amount of consideration for the effects of the time value of money if the timing of payments agreed (either explicitly or implicitly) provides the customer or the Group with a significant benefit of financing the transfer of goods or services to the customer. In those circumstances, the contract contains a significant financing component. A significant financing component may exist regardless of whether the promise of financing is explicitly stated in the contract or implied by the payment terms agreed to by the parties to the contract.

For contracts where the period between payment and transfer of the associated goods or services is less than one year, the Group applies the practical expedient of not adjusting the transaction price for any significant financing component.

For advance payments received from customers before the transfer of the associated goods or services in which the Group adjusts for the promised amount of consideration for a significant financing component, the Group applies a discount rate that would be reflected in a separate financing transaction between the Group and the customer at contract inception. The relevant interest expenses during the period between the advance payments were received and the transfer of the associated goods and services are accounted for on the same basis as other borrowing costs.

2.8. Leases

(a) Definition of a lease

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

For contracts entered into or modified or arising from business combinations on or after the date of initial application, or arising from business combinations, the Group assesses whether a contract is or contains a lease based on the definition under IFRS 16 at inception, modification date or acquisition date, as appropriate. Such contract will not be reassessed unless the terms and conditions of the contract are subsequently changed.

VIAGOLD RARE EARTH RESOURCES HOLDINGS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 March 2021

2. Significant accounting policies (Continued)

2.8. Leases (Continued)

(b) The Group as a lessee

(i) Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to leases of buildings that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. It also applies the recognition exemption for lease of low-value assets. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis or another systematic basis over the lease term.

(ii) Right-of-use assets

The cost of right-of-use asset includes:

- the amount of the initial measurement of the lease liability;
- any lease payments made at or before the commencement date, less any lease incentives received;
- any initial direct costs incurred by the Group; and
- an estimate of costs to be incurred by the Group in dismantling and removing the underlying assets, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

Right-of-use assets in which the Group is reasonably certain to obtain ownership of the underlying leased assets at the end of the lease term are depreciated from commencement date to the end of the useful life. Otherwise, right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. The principal annual rates are as follows:

Leasehold lands	50 years
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The Group presents right-of-use assets as a separate line item on the consolidated statement of financial position.

VIAGOLD RARE EARTH RESOURCES HOLDINGS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 March 2021

2. Significant accounting policies (Continued)

2.9. 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.

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

VIAGOLD RARE EARTH RESOURCES HOLDINGS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 March 2021

2. Significant accounting policies (Continued)

2.9. Fixed assets (Continued)

Other property, plant and equipment (Continued)

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.

2.10. Impairment of non-financial assets excluding goodwill

At each reporting date, the Group reviews the carrying amounts of its property, plant and equipment to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease and to the extent that the impairment loss is greater than the related revaluation surplus, the excess impairment loss is recognised in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss to the extent that it eliminates the impairment loss which has been recognised for the asset in prior years. Any increase in excess of this amount is treated as a revaluation increase.

VIAGOLD RARE EARTH RESOURCES HOLDINGS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 March 2021

2. Significant accounting policies (Continued)

2.11. Financial instruments

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

Financial assets and financial liabilities are initially measured at fair value except for trade receivables arising from contracts with customers which are initially measured in accordance with IFRS 15. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets or 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. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

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

(a) *Financial assets*

(i) Classification and subsequent measurement of financial assets

Financial assets that meet the following conditions are subsequently measured at amortised cost:

- the financial asset is held within a business model whose objective is to collect contractual cash flows; and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

VIAGOLD RARE EARTH RESOURCES HOLDINGS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 March 2021

2. Significant accounting policies (Continued)

2.11. Financial instruments (Continued)

(a) Financial assets (Continued)

(i) Classification and subsequent measurement of financial assets (Continued)

Financial assets that meet the following conditions are subsequently measured at fair value through other comprehensive income ("FVTOCI"):

- the financial asset is held within a business model whose objective is achieved by both selling and collecting contractual cash flows; and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All other financial assets are subsequently measured at fair value through profit or loss ("FVTPL"), except that at the date of initial recognition of a financial asset the Group may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if that equity investment is neither held for trading nor contingent consideration recognised by an acquirer in a business combination to which IFRS 3 Business Combinations applies.

A financial asset is held for trading if:

- it has been acquired principally for the purpose of selling in the near term; or
- on initial recognition it is a part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

In addition, the Group may irrevocably designate a financial asset that are required to be measured at the amortised cost or FVTOCI as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

VIAGOLD RARE EARTH RESOURCES HOLDINGS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued) **For the year ended 31 March 2021**

2. Significant accounting policies (Continued)

2.11. Financial instruments (Continued)

(a) Financial assets (Continued)

(ii) Amortised cost and interest income

Interest income is recognised using the effective interest method for financial assets measured subsequently at amortised cost. Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired (see below). For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset from the next reporting period. If the credit risk on the credit impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset from the beginning of the reporting period following the determination that the asset is no longer credit impaired.

(iii) Equity instruments designated as at FVTOCI

Investments in equity instruments at FVTOCI are subsequently measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in the fair value reserve for financial assets at FVTOCI; and are not subject to impairment assessment. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments, and will be transferred to accumulated losses.

Dividends from these investments in equity instruments are recognised in profit or loss when the Group's right to receive the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investment. Dividends are included in the other income line item in profit or loss.

(iv) Impairment of financial assets

The Group performs impairment assessment under expected credit loss ("ECL") model on financial assets at amortised cost which are subject to impairment under IFRS 9. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

VIAGOLD RARE EARTH RESOURCES HOLDINGS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 March 2021

2. Significant accounting policies (Continued)

2.11. Financial instruments (Continued)

(a) Financial assets (Continued)

(iv) Impairment of financial assets (Continued)

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of the relevant instrument. In contrast, 12-month ECL (“12m ECL”) represents the portion of lifetime ECL that is expected to result from default events that are possible within 12 months after the reporting date. Assessment are done based on the Group’s historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current conditions at the reporting date as well as the forecast of future conditions.

The Group always recognises lifetime ECL for trade receivables. The ECL on these assets are assessed individually for debtors with significant balance or collectively using a provision matrix with similar credit risk characteristics based primarily on the debtors’ aging profiles.

For all other instruments, the Group measures the loss allowance equal to 12m ECL, unless when there has been a significant increase in credit risk since initial recognition, the Group recognises lifetime ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition.

Significant increase in credit risk

In assessing whether the credit risk has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly:

VIAGOLD RARE EARTH RESOURCES HOLDINGS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 March 2021

2. Significant accounting policies (Continued)

2.11. Financial instruments (Continued)

(a) Financial assets (Continued)

(iv) Impairment of financial assets (Continued)

Significant increase in credit risk (Continued)

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor;
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that result in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

Definition of default

For internal credit risk management, the Group considers an event of default occurs when information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group).

VIAGOLD RARE EARTH RESOURCES HOLDINGS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 March 2021

2. Significant accounting policies (Continued)

2.11. Financial instruments (Continued)

(a) Financial assets (Continued)

(iv) Impairment of financial assets (Continued)

Definition of default (Continued)

Irrespective of the above, the Group considers that default has occurred when a financial asset is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

Credit-impaired financial assets

A financial asset is credit-impaired when one or more events of default that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- significant financial difficulty of the issuer or the borrower;
- a breach of contract, such as a default or past due event;
- the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for that financial asset because of financial difficulties.

Write-off policy

The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, for example, when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings, or in the case of trade receivables, when the amounts are over two years past due, whichever occurs sooner. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. A write-off constitutes a derecognition event. Any subsequent recoveries are recognised in profit or loss.

VIAGOLD RARE EARTH RESOURCES HOLDINGS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 March 2021

2. Significant accounting policies (Continued)

2.11. Financial instruments (Continued)

(a) Financial assets (Continued)

(iv) Impairment of financial assets (Continued)

Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information. Estimation of ECL reflects an unbiased and probability-weighted amount that is determined with the respective risks of default occurring as the weights. The Group uses a practical expedient in estimating ECL on trade receivables using a provision matrix taking into consideration historical credit loss experience, adjusted for forward-looking information that is available without undue cost or effort.

Generally, the ECL is the difference between all contractual cash flows that are due to the Group in accordance with the contract and the cash flows that the Group expects to receive, discounted at the effective interest rate determined at initial recognition.

Where ECL is measured on a collective basis or cater for cases where evidence at the individual instrument level may not yet be available, the financial instruments are grouped by considering the following factors:

- Nature of financial instruments;
- Past-due status;
- Nature, size and industry of debtors; and
- External credit ratings where available.

The grouping is regularly reviewed by management to ensure the constituents of each group continue to share similar credit risk characteristics.

Interest income is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit impaired, in which case interest income is calculated based on amortised cost of the financial asset.

The Group recognises an impairment gain or loss in profit or loss for all financial instruments by adjusting their carrying amount, with the exception of trade receivables, where the corresponding adjustment is recognised through a loss allowance account.

VIAGOLD RARE EARTH RESOURCES HOLDINGS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 March 2021

2. Significant accounting policies (Continued)

2.11. Financial instruments (Continued)

(a) Financial assets (Continued)

(v) Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the assets expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

On derecognition of an investment in equity instrument which the Group has elected on initial recognition to measure at FVTOCI, the cumulative gain or loss previously accumulated in the fair value reserve for financial assets at FVTOCI is not reclassified to profit or loss, but is transferred to accumulated losses.

(b) Financial liabilities and equity

(i) Classification as debt or equity

Debt and equity instruments are classified either as 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.

(ii) 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 the group are recognised at the proceeds received, net of direct issue costs.

(iii) Financial liabilities

All financial liabilities are subsequently measured at amortised cost using the effective interest method or at FVTPL.

(iv) Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when the financial liability is (i) contingent consideration of an acquirer in a business combination to which IFRS 3 applies, (ii) held for trading or (iii) it is designated as at FVTPL.

VIAGOLD RARE EARTH RESOURCES HOLDINGS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 March 2021

2. Significant accounting policies (Continued)

2.11. Financial instruments (Continued)

(b) Financial liabilities and equity (Continued)

(iv) Financial liabilities at FVTPL (Continued)

A financial liability is held for trading if:

- it has been acquired principally for the purpose of repurchasing it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative, except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument.

A financial liability other than a financial liability held for trading or contingent consideration of an acquirer in a business combination may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and IFRS 9 permits the entire combined contract to be designated as at FVTPL.

For financial liabilities that are designated as at FVTPL, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is recognised in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. For financial liabilities that contain embedded derivatives, such as convertible bonds, the changes in fair value of the embedded derivatives are excluded in determining the amount to be presented in other comprehensive income. Changes in fair value attributable to a financial liability's credit risk that are recognised in other comprehensive income are not subsequently reclassified to profit or loss; instead, they are transferred to accumulated losses upon derecognition of the financial liability.

VIAGOLD RARE EARTH RESOURCES HOLDINGS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 March 2021

2. Significant accounting policies (Continued)

2.11. Financial instruments (Continued)

(b) Financial liabilities and equity (Continued)

(v) Financial liabilities at amortised cost

Financial liabilities including trade payables, other payables and borrowings are subsequently measured at amortised cost, using the effective interest method.

(vi) Derecognition of financial liabilities

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

2.12. 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.

2.13. 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.

2.14. 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.

VIAGOLD RARE EARTH RESOURCES HOLDINGS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 March 2021

2. Significant accounting policies (Continued)

2.14. Inventories (Continued)

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 write-down 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 write-down of inventories is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

2.15. 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.

2.16. Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit before tax because of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

A provision is recognised for those matters for which the tax determination is uncertain but it is considered probable that there will be a future outflow of funds to a tax authority. The provisions are measured at the best estimate of the amount expected to become payable. The assessment is based on the judgement of tax professionals within the company supported by previous experience in respect of such activities and in certain cases based on specialist independent tax advice.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, a deferred tax liability is not recognised if the temporary difference arises from the initial recognition of goodwill.

VIAGOLD RARE EARTH RESOURCES HOLDINGS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 March 2021

2. Significant accounting policies (Continued)

2.16. Taxation (Continued)

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, and interests in joint ventures, except where the group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised based on tax laws and rates that have been enacted or substantively enacted at the reporting date.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

For the purposes of measuring deferred tax for leasing transactions in which the Group recognises the right-of-use assets and the related lease liabilities, the Group first determines whether the tax deductions are attributable to the right-of-use assets or the lease liabilities.

For leasing transactions in which the tax deductions are attributable to the lease liabilities, the Group applies IAS 12 Income Taxes requirements to the leasing transaction as a whole. Temporary differences relating to right-of-use assets and lease liabilities are assessed on a net basis. Excess of depreciation on right-of-use assets over the lease payments for the principal portion of lease liabilities resulting in net deductible temporary differences.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax is recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

VIAGOLD RARE EARTH RESOURCES HOLDINGS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 March 2021

2. Significant accounting policies (Continued)

2.17. 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.

2.18. Provisions and contingent liabilities

Provisions are recognised for liabilities of uncertain timing or amount when the Group has a present 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 expenditures expected to settle the obligation.

VIAGOLD RARE EARTH RESOURCES HOLDINGS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 March 2021

2. Significant accounting policies (Continued)

2.18. Provisions and contingent liabilities (Continued)

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 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 is remote.

2.19. 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:
 - (a) has control or joint control over the Group;
 - (b) has significant influence over the Group; or
 - (c) is a member of the key management personnel of the Group or the Group's parent.
- (ii) An entity is related to the Group if any of the following conditions applies:
 - (a) 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).
 - (b) 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).
 - (c) Both entities are joint ventures of the same third party.
 - (d) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
 - (e) The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group.
 - (f) The entity is controlled or jointly controlled by a person identified in Note 2.19(i).
 - (g) A person identified in Note 2.19(i)(a) 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).
 - (h) 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.

VIAGOLD RARE EARTH RESOURCES HOLDINGS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 March 2021

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.

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 Renminbi ("RMB").

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, details of which have been disclosed in note 19. Since the bank interest income 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

Credit risk refers to the risk that the Group's counterparties default on their contractual obligations resulting in financial losses to the Group. 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 majority of the counterparties are state-owned banks with good reputation.

VIAGOLD RARE EARTH RESOURCES HOLDINGS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 March 2021

3. Financial risk management (Continued)

3.2. Credit risk (Continued)

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, 77% (2020: 93%) and 100% (2020: 100%) 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.

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% (2020: 67%) and 76% (2020: 85%) 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 tables below detail the credit risk exposures of the Group's financial assets, which are subject to ECL assessment:

2021	Notes	Internal credit rating	12-month or lifetime ECL	Gross carrying amount A\$'000
Financial assets at amortised costs				
Cash and bank balances	19	N/A	12-month ECL	1,586
Pledged bank deposits	18	N/A	12-month ECL	872
Trade receivables	16	(note i)	Lifetime ECL	8,795
Other receivables	16	(note ii)	12-month ECL	-
		(note iii)	Lifetime ECL	8,065
Amounts due from related parties	24	(note ii)	12-month ECL	100

VIAGOLD RARE EARTH RESOURCES HOLDINGS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 March 2021

3. Financial risk management (Continued)

3.2. Credit risk (Continued)

2020	Notes	Internal credit rating	12-month or lifetime ECL	Gross carrying amount A\$'000
Financial assets at amortised costs				
Cash and bank balances	19	N/A	12-month ECL	2,527
Pledged bank deposits	18	N/A	12-month ECL	280
Trade receivables	16	(note i)	Lifetime ECL	10,481
Other receivables	16	(note ii)	12-month ECL	-
		(note iii)	Lifetime ECL	9,967
Amounts due from related parties	24	(note ii)	12-month ECL	1,219

Notes:

- (i) For trade receivables, the Group has applied the simplified approach in IFRS 9 to measure the loss allowance at lifetime ECL. Except for items that are subject to individual evaluation, which are assessed for impairment individually, the Group determines the ECL on these items by past due status.
- (ii) For the purposes of internal credit risk management, the Group uses past due information to assess whether credit risk has increased significantly since initial recognition. As at 31 March 2021 and 2020, these balances are either not past due or doesn't have fixed repayment.
- (iii) The directors of the Company considers credit risks have increased significantly and those past due more than 90 days are considered as credit-impaired.

As part of the Group's credit risk management, the Group uses debtors' aging to assess the impairment for its customers because these customers have common risk characteristics that are representative of the customers' abilities to pay all amounts due in accordance with the contractual terms. The following table provides information about the exposure to credit risk for trade receivables which are assessed based on provision matrix within lifetime ECL (not credit-impaired).

VIAGOLD RARE EARTH RESOURCES HOLDINGS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 March 2021

3. Financial risk management (Continued)

3.2. Credit risk (Continued)

<u>At 31 March 2021</u>	Expected credit loss rate (%)	Gross carrying amount A\$'000	Loss allowance A\$'000	Net carrying amount A\$'000
Current (not past due)	0%	39	-	39
Less than 180 days past due	0%	-	-	-
181 to 365 days past due	3%	1,322	(43)	1,279
More than 365 days past due	100%	7,434	(7,434)	-
		<u>8,795</u>	<u>(7,477)</u>	<u>1,318</u>

<u>At 31 March 2020</u>	Expected credit loss rate (%)	Gross carrying amount A\$'000	Loss allowance A\$'000	Net carrying amount A\$'000
Current (not past due)	0%	2,004	-	2,004
Less than 180 days past due	0%	162	-	162
181 to 365 days past due	100%	8,315	(8,315)	-
		<u>10,481</u>	<u>(8,315)</u>	<u>2,166</u>

The estimated loss rates are estimated based on historical observed default rates over the expected life of the debtors and are adjusted for forward-looking information that is available without undue cost or effort. The grouping is regularly reviewed by management to ensure relevant information about specific debtors is updated.

VIAGOLD RARE EARTH RESOURCES HOLDINGS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 March 2021

3. Financial risk management (Continued)

3.2. Credit risk (Continued)

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

	2021	2020
	A\$'000	A\$'000
At beginning of the year	8,315	1,824
Uncollectible impaired debts written off	191	5,839
Exchange realignment	(1,029)	652
	<hr/>	<hr/>
At end of the year	7,477	8,315

Movements in impairment losses recognised in respect of other receivables, prepayment and amount due from related company are as follows:

	2021	2020
	A\$'000	A\$'000
At beginning of the year	9,860	2,240
Uncollectible impaired debts written off	-	6,851
Reversal of impairment loss	-	(6)
Exchange realignment	(1,214)	775
	<hr/>	<hr/>
At end of the year	8,646	9,860

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.

VIAGOLD RARE EARTH RESOURCES HOLDINGS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 March 2021

3. Financial risk management (Continued)

3.3. Liquidity risk (Continued)

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	More than 1 year AS'000	Total undiscounted cash flow AS'000
As at 31 March 2021					
Trade and other payables	15,118	-	15,118	-	15,118
Amounts due to key management personnel	2,782	2,782	-	-	2,782
Amounts due to related companies	30,448	15,544	-	16,005	31,549
Total	48,348	18,326	15,118	16,005	49,449

	Carrying amount AS'000	On demand AS'000	Less than 1 year AS'000	Total undiscounted cash flow AS'000
As at 31 March 2020				
Trade and other payables	14,982	-	14,982	14,982
Amounts due to key management personnel	3,295	3,295	-	3,295
Amounts due to related companies	39,767	39,767	-	39,767
Total	58,044	43,062	14,982	58,044

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.

VIAGOLD RARE EARTH RESOURCES HOLDINGS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 March 2021

3. Financial risk management (Continued)

3.5. Fair value estimation

The carrying amounts of the Group's current financial assets, including trade and other receivables, amounts due from related parties, pledged bank deposits and cash and cash equivalents; and current financial liabilities including trade and other payables, amounts due to key management personnel and amounts due to related companies, approximate to their fair values due to their short maturities, except for the amount due to a related company of approximately of A\$14,904,000. 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).

Disclosures of level in fair value hierarchy

Fair value measurements using:			
Level 1	Level 2	Level 3	Total
A\$'000	A\$'000	A\$'000	A\$'000

At 31 March 2021

Recurring fair value measurements:

Financial assets at FVTOCI	-	3,610	-	3,610
Financial assets at FVTPL	-	5,122	-	5,122
Amount due to a related company	-	-	14,904	14,904

At 31 March 2020

Recurring fair value measurements:

Financial assets at FVTOCI	-	4,116	-	4,116
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Valuation techniques and inputs used in Level 3 fairvalue measurements

The carrying amount of amount due to a related company of A\$16,005,000 is interest-free, and will be repayable in full on 30 April 2022. The fair value of approximately A\$14,904,000 is estimated as being the present values of future cash flows, discounted at prevailing market interest rates for an equivalent loan of 6.8%.

VIAGOLD RARE EARTH RESOURCES HOLDINGS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 March 2021

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 16.

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.

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.

VIAGOLD RARE EARTH RESOURCES HOLDINGS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 March 2021

4. Critical accounting estimates and judgments (Continued)

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.

Fair value measurement of financial instruments

As at 31 March 2021, certain of the Group's financial assets, including an investment in structured deposit and unlisted equity shares in bank are measured at fair value with fair value being determined based on significant unobservable inputs using valuation techniques. Judgment and estimation are required in establishing the relevant valuation techniques and the relevant inputs thereof. Changes in assumptions relating to these factors could result in material adjustments to the fair value of these instruments. See note 3 for further disclosures.

5. Revenue and segment information

(a) Revenue

(i) Analysis of revenue

	2021	2020
	A\$'000	A\$'000
Total revenue recognised during the year		
Leasing and capital financing	278	362
Provision of consultancy and management services to educational institutions	151	424
Sales of minerals and rare earth refining and separation	18,793	20,517
	<u>19,222</u>	<u>21,303</u>

VIAGOLD RARE EARTH RESOURCES HOLDINGS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 March 2021

5. Revenue and segment information (Continued)

(a) Revenue (Continued)

(i) Analysis of revenue (Continued)

Revenue from contracts with customers within the scope of IFRS 15

	2021	2020
	A\$'000	A\$'000
Provision of consultancy and management services to educational institutions	151	424
Sales of minerals and rare earth refining and separation	<u>18,793</u>	<u>20,517</u>
	<u>18,944</u>	<u>20,941</u>
Timing of revenue recognition		
Point in time basis	<u>18,944</u>	<u>20,941</u>

(ii) Performance obligations for contracts with customers

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.

Sales of minerals and 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.

VIAGOLD RARE EARTH RESOURCES HOLDINGS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 March 2021

5. Revenue and segment information (Continued)

(a) Revenue (Continued)

(ii) Performance obligations for contracts with customers (Continued)

The Group has applied the practical expedient of IFRS 15 to its contracts for provision of consultancy and management services to educational institutions and rare earth refining and separation such that the above information does not include information about revenue that the Group will be entitled to when it satisfies the remaining performance obligations under the contracts for sales of new energy vehicles and provision for logistics related services that had an original expected duration of one year or less.

(b) 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
- Trading of minerals
- 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 RARE EARTH RESOURCES HOLDINGS LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
For the year ended 31 March 2021
5. Revenue and segment information (Continued)

The segment information for the reporting segments for the year ended 31 March 2021 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	278	151	18,793	19,222
Inter-segment revenue	-	-	-	-
Revenue from external customers	278	151	18,793	19,222
Reportable segment (loss)/profit before income tax	(182)	(59)	1,991	1,750
Unallocated corporate expenses				(449)
Profit before income tax				1,301
Depreciation of fixed assets	(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	1,555	188	57,858	59,601
Interests in an associate				522
Unallocated corporate assets				432
Consolidated total assets				60,555
Non-current assets (Other than financial instruments)	781	179	9,125	10,085
Unallocated corporate assets				522
				10,607
Additions to non-current assets (Other than financial instruments)	-	-	174	174
Reportable segment liabilities	(194)	(454)	(51,238)	(51,886)
Unallocated corporate liabilities				(1,421)
Consolidated total liabilities				(53,307)

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
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
For the year ended 31 March 2021
5. Revenue and segment information (Continued)

The segment information for the reporting segments for the year ended 31 March 2020 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	362	424	20,517	21,303
Inter-segment revenue	-	-	-	-
Revenue from external customers	362	424	20,517	21,303
Reportable segment (loss)/profit before income tax	(129)	49	(26,877)	(26,957)
Unallocated corporate expenses				(653)
Loss before income tax				(27,610)
Depreciation of fixed assets	(223)	(55)	(840)	(1,118)
Depreciation of right-of-use assets	-	-	(62)	(62)
Interest income	18	-	4	22
As at 31 March 2020				
Reportable segment assets	1,884	523	59,967	62,374
Interests in an associate				194
Unallocated corporate assets				1,356
Consolidated total assets				63,924
Non-current assets (Other than financial instruments)	931	265	11,382	12,578
Unallocated corporate assets				190
				12,768
Additions to non-current assets (Other than financial instruments)	-	-	87	87
Reportable segment liabilities	(131)	(807)	(59,670)	(60,608)
Unallocated corporate liabilities				2,325
Consolidated total liabilities				(58,283)

VIAGOLD RARE EARTH RESOURCES HOLDINGS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 March 2021

6. Other income

	2021	2020
	A\$'000	A\$'000
Bank interest income	49	22
Sundry income	121	422
	<u>170</u>	<u>444</u>

7. Profit/(loss) before taxation

	2021	2020
	A\$'000	A\$'000
Profit/(loss) before income tax is arrived at:		
After charging the following items:		
Auditor's remuneration		
- Audit and review service	99	117
Depreciation of right-of-use assets	62	62
Depreciation of fixed assets	1,076	1,118
Directors' remuneration (Note 8)	90	272
Employee benefit expense		
(excluding director's remuneration) (Note 9)	653	749
Impairment losses under expected credit loss model, net of reversal on:		
- trade receivables	191	5,839
- other receivables	-	6,844
- amount due from a related company	-	1,043
Expense relating to short-term lease and other leases with lease term within 12 months	87	170
Cost of inventories sold	<u>15,561</u>	<u>32,377</u>

VIAGOLD RARE EARTH RESOURCES HOLDINGS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 March 2021

8. Directors' and senior management's emoluments

	2021	2020
	A\$'000	A\$'000
Directors' remuneration		
- fees	76	258
- salaries, allowances and benefits in kind	14	14
	<u>90</u>	<u>272</u>

The remuneration of each director for the year ended 31 March 2021 is set out below:

	Fees	Salaries, allowances and benefits in kind	Total
	A\$'000	A\$'000	A\$'000
<u>Non-executive directors</u>			
Dr. Longguang Shi	4	-	4
<u>Executive directors</u>			
Ms. Mulei Shi	39	-	39
Mr. King Choi Leung	29	14	43
Mr. Changyuan Liao	4	-	4
Ms. Jingcui Hong	-	-	-
<u>Independent non-executive directors</u>			
Mr. Yan Wang	-	-	-
Mr. Fuchuan Guo	-	-	-
Mr. Xunchang Hu	-	-	-
	<u>76</u>	<u>14</u>	<u>90</u>

VIAGOLD RARE EARTH RESOURCES HOLDINGS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 March 2021

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

The remuneration of each director and an executive for the year ended 31 March 2020 is set out below:

	Fees A\$'000	Salaries, allowances and benefits in kind A\$'000	Total A\$'000
<u>Non-executive directors</u>			
Dr. Longguang Shi	135	-	135
<u>Executive directors</u>			
Ms. Mulei Shi	81	-	81
Mr. King Choi Leung	42	14	56
Mr. Changyuan Liao	-	-	-
Ms. Jingcui Hong	-	-	-
<u>Independent non-executive directors</u>			
Mr. Yan Wang	-	-	-
Mr. Fuchuan Guo	-	-	-
Mr. Xunchang Hu	-	-	-
	<u>258</u>	<u>14</u>	<u>272</u>

9. Employee benefit expenses

	2021 A\$'000	2020 A\$'000
Wages and salaries	408	636
Social insurance	191	58
Other staff benefits	<u>54</u>	<u>55</u>
	<u>653</u>	<u>749</u>

VIAGOLD RARE EARTH RESOURCES HOLDINGS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 March 2021

10. Income tax expenses/(credit)

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 (2020: Nil). PRC subsidiaries are subject to PRC Enterprise Income Tax at 25% for the years ended 31 March 2021 and 2020.

	2021	2020
	A\$'000	A\$'000
Current		
- PRC Enterprise Income Tax	562	(1)
Deferred	-	(7,489)
	<u>562</u>	<u>(7,490)</u>

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

	2021	2020
	A\$'000	A\$'000
Profit/(Loss) before income tax	<u>1,301</u>	<u>(27,610)</u>
Notional tax on profit/(loss) calculated at the rates applicable to profits in the jurisdiction concerned	400	(9,590)
Tax effect of:		
Expenses not deductible for tax purposes	70	1,948
Income not subject to tax	(5)	(22)
Share of results of associate	1	3
Tax effect of unused tax losses not recognised	<u>96</u>	<u>171</u>
Income tax expenses/(credit)	<u>562</u>	<u>(7,490)</u>

VIAGOLD RARE EARTH RESOURCES HOLDINGS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 March 2021

11. Loss per share

(a) Basic loss per share

The calculation of basic loss per share attributable to owners of the Company is based on the loss for the year attributable to owners of the Company of A\$280,000 (2020: A\$10,964,000) and the weighted average number of ordinary shares of 83,312,000 (2020: 66,923,000) in issue during the year.

(b) Diluted loss per share

There was no dilutive potential ordinary shares outstanding during the year as the Company's outstanding share options for the years ended 31 March 2021 and 2020 had anti-dilutive effects. Accordingly, the diluted loss per share is same as basic loss per share for both years.

VIAGOLD RARE EARTH RESOURCES HOLDINGS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
For the year ended 31 March 2021

12. Fixed assets

Cost	Motor vehicles A\$'000	Leasehold improvements A\$'000	Furniture and equipment A\$'000	Plant and Machinery A\$'000	Building A\$'000	Sub-total A\$'000	Investment property A\$'000	Total A\$'000
As at 1 April 2019	1,828	2,168	106	3,059	3,939	11,100	830	11,930
Additions	-	53	-	34	-	87	-	87
Exchange realignment	160	188	9	266	341	964	72	1,036
As at 31 March 2020	1,988	2,409	115	3,359	4,280	12,151	902	13,053
Additions	174	-	-	-	-	174	-	174
Disposals	(49)	-	-	-	-	(49)	-	(49)
Exchange realignment	(249)	(297)	(14)	(414)	(527)	(1,501)	(111)	(1,612)
As at 31 March 2021	1,864	2,112	101	2,945	3,753	10,775	791	11,566
Accumulated depreciation								
As at 1 April 2019	935	387	82	1,267	670	3,341	333	3,674
Depreciation	328	178	(38)	462	148	1,078	40	1,118
Exchange realignment	108	50	4	151	70	383	33	416
As at 31 March 2020	1,371	615	48	1,880	888	4,802	406	5,208
Depreciation	270	187	9	268	342	1,076	-	1,076
Eliminated on disposal	(49)	-	-	-	-	(49)	-	(49)
Exchange realignment	(173)	(81)	(7)	(239)	(118)	(618)	(50)	(668)
As at 31 March 2021	1,419	721	50	1,909	1,112	5,211	356	5,567
Net carrying amounts								
As at 31 March 2021	445	1,391	51	1,036	2,641	5,564	435	5,999
As at 31 March 2020	617	1,794	67	1,479	3,392	7,349	496	7,845

The investment property and building are located in the PRC.

VIAGOLD RARE EARTH RESOURCES HOLDINGS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 March 2021

13. Right-of-use assets

	Land use right A\$'000
Cost	
As at 1 April 2019	4,605
Exchange realignment	<u>400</u>
As at 31 March 2020	5,005
Exchange realignment	<u>(616)</u>
As at 31 March 2021	<u><u>4,389</u></u>
Deduct: Accumulated depreciation	
As at 1 April 2019	190
Charged for the year	62
Exchange realignment	<u>24</u>
As at 31 March 2020	276
Charged for the year	62
Exchange realignment	<u>(35)</u>
As at 31 March 2021	<u><u>303</u></u>
Net book values	
As at 31 March 2021	<u><u>4,086</u></u>
As at 31 March 2020	<u><u>4,729</u></u>

It represents the Group's ownership interests on two leasehold land held for own use in the PRC, with remaining lease term of 41 and 32 years respectively.

The depreciation 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 RARE EARTH RESOURCES HOLDINGS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 March 2021

14. Interests in an associate

	2021 A'000	2020 A'000
At beginning of the year	194	188
Addition	350	-
Share of post-acquisition results	2	(10)
Exchange realignment	(24)	16
	<u>522</u>	<u>194</u>
At end of the year	<u>522</u>	<u>194</u>

At 31 March 2021 and 2020, the Group has interest in the following associates:

Name of associate	Place of establishment and operations	Registered capital	Percentage of equity attributable to the Group		Principal activities
			2021	2020	
茂名市金晟礦業有限公司 Maoming Jinsheng Minerals Company Limited @	PRC	RMB 9,600,000	21.17%	25.50%	Refining and trading of metal
珠海金網工業品交易科技 有限公司 Viagold Industrial Products Trading Technology Company Limited@	PRC	RMB 50,000,000	29.05%	-	Retail of refined oil , cargo transportation

@ The English name is for identification purpose only

	2021 A'000	2020 A'000
Profit/(loss) attributable to equity holders of the Company	<u>2</u>	<u>(10)</u>

In the opinion of the Directors, Maoming Jinsheng Minerals Company Limited and Viagold Industrial Products Trading Technology Company Limited did not have a material effect on the results or assets of the Group.

VIAGOLD RARE EARTH RESOURCES HOLDINGS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 March 2021

15. Financial assets at fair value through other comprehensive income

	2021	2020
	A\$'000	A\$'000
Financial assets at FVOCI	<u>3,610</u>	<u>4,116</u>
	2021	2020
	A\$'000	A\$'000
Unlisted equity shares		
Jiangsu Jiangnan Rural Commercial Bank		
Company Limited	<u>3,610</u>	<u>4,116</u>

The financial assets represents 4,747,937 ordinary shares (2020: 4,747,937 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.

16. Trade and other receivables

	2021	2020
	A\$'000	A\$'000
Trade receivables	8,795	10,481
Less: Impairment loss recognised	<u>(7,477)</u>	<u>(8,315)</u>
	1,318	2,166
Bills receivables	<u>-</u>	<u>23</u>
	<u>1,318</u>	<u>2,189</u>
Other receivables	8,065	9,967
Deposits and prepayments	9,772	6,256
Less: Impairment loss recognised	<u>(8,646)</u>	<u>(9,860)</u>
	<u>9,191</u>	<u>6,363</u>
	<u>10,509</u>	<u>8,552</u>

VIAGOLD RARE EARTH RESOURCES HOLDINGS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 March 2021

16. Trade and other receivables (Continued)

All the receivables are expected to be recovered or recognised as expense within one year or are receivable on demand.

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

	2021	2020
	A\$'000	A\$'000
1 to 90 days	39	2,004
91 to 180 days	-	162
181 to 365 days	<u>1,279</u>	<u>-</u>
	<u><u>1,318</u></u>	<u><u>2,166</u></u>

- (b) As of 31 March 2021, trade receivables of approximately A\$1,279,000 (2020: A\$162,000) 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:

	2021	2020
	A\$'000	A\$'000
Less than 180 days past due	-	162
181 to 365 days past due	<u>1,279</u>	<u>-</u>
	<u><u>1,279</u></u>	<u><u>162</u></u>

- (c) Details of impairment assessment are set out in Note 3.2.

VIAGOLD RARE EARTH RESOURCES HOLDINGS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 March 2021

17. Inventories

	2021 A\$'000	2020 A\$'000
Raw materials	402	128
Work-in-progress	25,296	29,622
Finished goods	2,451	4,712
	<u>28,149</u>	<u>34,462</u>

18. Pledged bank deposits

As at 31 March 2021, the Group pledged approximately A\$872,000 bank deposits (2020: A\$280,000), 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.

19. Cash and bank balances

For the years ended 31 March 2021 and 2020, the Group performed impairment assessment on bank balances and concluded that the probability of defaults of the counterparty banks are insignificant and accordingly, no allowance for credit losses is provided.

At 31 March 2021, the bank balance and cash equivalents of the Group denominated in RMB amounted to approximately RMB7,925,000 (2020: RMB11,075,000). RMB is in not freely convertible into other currencies, however, under Mainland China's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through authorised banks to conduct foreign exchange business.

20. Financial assets at fair value through profit or loss

	2021 A\$'000	2020 A\$'000
Structured deposits	<u>5,122</u>	<u>-</u>

The structured deposits are wealth management products issued by bank in Mainland China and are classified as financial assets at fair value through profit or loss at 31 March 2021 as their contractual cash flows are not solely payments of principal and interest. The Group uses structured deposits primarily to enhance the return on investment.

VIAGOLD RARE EARTH RESOURCES HOLDINGS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 March 2021

21. Share capital	Number of shares '000	Ordinary shares A\$'000
Issued and fully paid		
As at 31 March 2019	41,656	8,331
Issuance of right shares	41,656	8,331
As at 31 March 2020 and 31 March 2021	83,312	16,662

Note:

On 8 July 2019, the Company announced a right issue on the basis of one right share for every existing ordinary share held by shareholders of the Company at a subscription price of A\$0.03 per rights share. The rights issue was completed and 41,656,202 ordinary shares were issued on 23 August 2019. The net proceeds from issuance were A\$1,249,000. Details of the rights issue were disclosed in the Company's announcements dated 8 July 2019, 9 July 2019, 10 July 2019, 17 July 2019, 23 July 2019 and 22 August 2019.

22. Warrant reserve

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.

VIAGOLD RARE EARTH RESOURCES HOLDINGS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 March 2021

22. 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 2019	0.43	18,000,000
Lapsed	0.26	<u>(6,000,000)</u>
As at 31 March 2020	0.43	12,000,000
Lapsed	0.26	<u>(12,000,000)</u>
As at 31 March 2021	-	<u><u>-</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\$	2021 Number of underlying shares	2020 Number of underlying shares
3 December 2020	0.44	<u><u>-</u></u>	<u><u>12,000,000</u></u>

23. Trade and other payables

	2021 A\$'000	2020 A\$'000
Trade payables	10,638	12,695
Bills payables	872	280
Other payables and accrued charges	<u>3,608</u>	<u>2,007</u>
	<u><u>15,118</u></u>	<u><u>14,982</u></u>

VIAGOLD RARE EARTH RESOURCES HOLDINGS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 March 2021

23. Trade and other payables (Continued)

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

	2021 A\$'000	2020 A\$'000
1 to 90 days	367	792
91 to 180 days	-	-
181 to 365 days	81	2,032
Over 365 days	10,190	9,871
	<u>10,638</u>	<u>12,695</u>

24. Amounts due from/ (to) related parties/ related companies/ key management personnel

	2021 A\$'000	2020 A\$'000	Maximum outstanding balance during the year A\$'000
Amounts due from related parties	<u>100</u>	<u>1,219</u>	<u>1,219</u>

The amounts are unsecured, interest free and repayable on demand.

	2021 A\$'000	2020 A\$'000
Amounts due to related companies (Note 1)	30,448	39,767
Amounts due to key management personnel (Note 2)	<u>2,782</u>	<u>3,295</u>

* Analysed as:

Amount due within 1 year shown under current liabilities	15,544	39,767
Amount due more than 1 year	<u>14,904</u>	<u>-</u>
	<u>30,448</u>	<u>39,767</u>

Notes:

- The principal amount of approximately A\$16,005,000 is unsecured, interest-free and repayable on 30 April 2022. The amount is measured at amortised cost using effective interest method with effective interest rate at 6.8% per annum. For the year ended 31 March 2021, the Group credited an amount of approximately A\$1,101,000 to other reserve which represented the difference between the carrying amount of amount due to a related company and its fair value at amortised cost.

The amounts of approximately A\$15,544,000 (2020: A\$39,767,000) are unsecured, interest-free and repayable within one year.

- The amounts are unsecured, interest free and repayable on demand.

VIAGOLD RARE EARTH RESOURCES HOLDINGS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 March 2021

25. Contract liabilities

	2021	2020
	A\$'000	A\$'000
Leasing and capital financing	93	106
Rare earth refining and separation	4,321	96
	<u>4,414</u>	<u>202</u>

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.

Increase in contract liabilities is due to billing in advance from customers of sales of minerals and rare earth refining and separation.

26. Cash flow information

Net cash generated from operating activities

	2021	2020
	A\$'000	A\$'000
Profit/(loss) before income tax	1,301	(27,610)
Adjustments for:		
- Depreciation of Right-of-use assets	62	62
- Depreciation of fixed assets	1,076	1,118
- Share of result of associates	(2)	10
- Write-off of inventories	-	13,782
- Impairment loss on trade and other receivables, prepayment and amount due with related company	191	13,741
- Impairment loss set-off on amount due from related companies	-	(9)
- Interest income	(49)	(22)
Changes in working capital:		
- Trade and other receivables	(2,232)	2,120
- Trade and other payables	(1,844)	(4,108)
- Contract liabilities	4,236	74
- Inventories	2,071	1,348
Tax refund	<u>-</u>	<u>2</u>
Net cash generated from operating activities	<u>4,810</u>	<u>508</u>

VIAGOLD RARE EARTH RESOURCES HOLDINGS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 March 2021

27. Related-party transactions

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

		2021	2020
		A\$'000	A\$'000
Related parties	Nature of transactions		
Related companies	Consultancy and management services income	151	424
	Amounts due from related parties #	100	1,219
	Amounts due to related companies @	(30,448)	(39,767)
	Amounts due to key management personnel	(2,782)	(3,295)
Directors of the Company	Key management compensation	<u>90</u>	<u>272</u>

Note:

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

Amounts due from 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.

VIAGOLD RARE EARTH RESOURCES HOLDINGS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 March 2021

28. Particulars of principal subsidiaries

Particulars of principal subsidiaries at 31 March 2021 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 RARE EARTH RESOURCES HOLDINGS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 March 2021

28. 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
			Directly	Indirectly	
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
兴邦物联网（澳门）研 究中心有限公司 (Xingbang Internet of things (Macao) Research Center Co., Ltd.@)	Macau	MOP\$25,000	-	100%	Investment holding
珠海金网物联网科技有 限公司 (Viagold Internet of Things Technology Co., Limited * @)	PRC	HK\$4,450,000	-	83%	Investment holding
深圳市汛达投资 有限公司 (Shenzhen Xunda Investment Company Limited @)	PRC	RMB10,000,000	-	42.3%	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 RARE EARTH RESOURCES HOLDINGS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 March 2021

28. 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					
		2021	2020	2021	2020	2021	2020
				A\$'000	A\$'000	A\$'000	A\$'000
Jintan Hailin Rare Earth Company Limited	PRC	74.6%	69%	1,078	(9,112)	6,761	6,042
Individually immaterial subsidiaries with NCI				(59)	(44)	609	535
				1,019	(9,156)	7,370	6,577

VIAGOLD RARE EARTH RESOURCES HOLDINGS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 March 2021

28. 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:

	2021	2020
	A\$'000	A\$'000
<u>Jintan Hailin Rare Earth Company Limited</u>		
Non-current assets	12,735	15,496
Current assets	45,615	46,546
Current liabilities	(51,892)	(54,770)
Non-current liabilities	-	(523)
	<u> </u>	<u> </u>
Turnover	18,792	20,517
Profit/(loss) for the year	1,446	(26,872)
Total comprehensive income/(loss) for the year	<u>1,446</u>	<u>(24,995)</u>
	<u> </u>	<u> </u>
Net cash generated from/(used in) operating activities	5,288	(138)
Net cash used in investing activities	(4,693)	(27)
Net cash generated from financing activities	<u>643</u>	<u>118</u>

VIAGOLD RARE EARTH RESOURCES HOLDINGS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 March 2021

29. Statement of the Company's financial position

	2021	2020
	A\$'000	A\$'000
Non-current assets		
Investment in subsidiaries	17,627	21,786

Current assets		
Other receivables	6	8
Amounts due from subsidiaries	16,930	20,415
Bank balance and cash	97	980
	-----	-----
	17,033	21,403
	-----	-----
Current liabilities		
Other payables and accruals	66	205
Amounts due to subsidiaries	30,907	38,200
Amounts due to key management personnel	951	1,121
	-----	-----
	31,924	39,526
	-----	-----
Net Current liabilities	(14,891)	(18,123)
	-----	-----
Net assets	2,736	3,663
	=====	=====
Equity		
Share capital	16,662	16,662
Reserve	(13,926)	(12,999)
	-----	-----
Total equity	2,736	3,663
	=====	=====

VIAGOLD RARE EARTH RESOURCES HOLDINGS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 March 2021

29. Statement of the Company's financial position (Continued)

	Share premium A\$'000	Translation reserve A\$'000	Contributed surplus A\$'000	Warrant reserve A\$'000	Share-based compensation reserve	Accumulated losses A\$'000	Total A\$'000
As at 1 April 2019	44,330	(3,533)	47,645	930	1,707	(93,871)	(2,792)
Loss and total comprehensive expenses for the year	-	(900)	-	-	-	(518)	(1,418)
Issue of shares	(7,082)	-	-	-	-	-	(7,082)
Transactions with equity holders in their capacity							
- Transfer of warrant reserve upon lapse of warrants	-	-	-	(330)	(1,707)	330	(1,707)
As at 31 March 2020	37,248	(4,433)	47,645	600	-	(94,059)	(12,999)
As at 1 April 2020	37,248	(4,433)	47,645	600	-	(94,059)	(12,999)
Loss and total comprehensive expenses for the year	-	(622)	-	-	-	(305)	(927)
Transactions with equity holders in their capacity							
- Transfer of warrant reserve upon lapse of warrants	-	-	-	(600)	-	600	-
As at 31 March 2021	37,248	(5,055)	47,645	-	-	(93,764)	(13,926)

30. Disposal of equity interest of a subsidiary without losing control

During the year ended 31 March 2021, the third parties of the Company acquired 17% issued shares of Viagold Internet of Things Technology Co., Limited ("Viagold Internet"), a subsidiary of the Company, by settlement of its liabilities owed to the third parties, the Group's equity interests in Viagold Internet was diluted from 100% to 83%. The difference between the consideration receivable and the carrying value of net assets partially disposed of in an equity transaction with non-controlling interests resulted from the change in the Group's ownership interest in Viagold Internet that do not result in a loss of control over Viagold Internet amounting to approximately A\$491,000 was recognised in accumulated losses and an increase in the non-controlling interests.

31. Comparative figures

Certain comparative figures have been reclassified in order to conform with the current year's presentation.

32. Event after the reporting period

The Group had no significant event after the reporting period.

VIAGOLD RARE EARTH RESOURCES HOLDINGS 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 2021 is as follows:

a. Distribution of shareholdings:

Size of holding	No. of ordinary shareholders
1 - 1,000	454
1,001 - 5,000	37
5,001 - 10,000	8
10,001 - 100,000	16
100,001 - 999,999,999	21
1,000,000,000 - 9,999,999,999	-
	<hr/>
	536
	<hr/>

b. The name of the substantial shareholder and the number of securities held as at 31 May 2021 are:

Names	No. of ordinary shares held
Harvest Smart Overseas Limited	38,321,018
Capital Luck Group Limited	20,000,000
Mr. Zhou Halin	7,000,000
Citicorp Nominees Pty Limited	4,752,541
	<hr/>
	70,073,559
	<hr/>

c. The 20 largest holders of the Company's securities as at 31 May 2021 are:

Names	No. of ordinary shares held	% of total issued of ordinary capital held
Harvest Smart Overseas Ltd	38,320,018	46.00%
Capital Luck Group Limited	20,000,000	24.01%
Mr Zhou Hailin	7,000,000	8.40%
Citicorp Nominees Pty Limited	4,752,541	5.70%
BNP Paribas Nominees Pty Ltd <IB AU NOMS Retailclient DRP>	1,908,317	2.29%
Mr Liao Chang Yuan <Ling Ge Art Foundation A/C>	1,600,500	1.92%
Sai Ha Leong	1,500,000	1.80%

VIAGOLD RARE EARTH RESOURCES HOLDINGS 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 2021 is as follows (Continued):

c. The 20 largest holders of the Company's securities as at 31 May 2021 are (continued):

Names	No. of ordinary shares held	% of total issued of ordinary capital held
Mr Chen Wei Qing	1,235,862	1.48%
J P Morgan Nominees Australia Pty Limited	1,209,900	1.45%
Guangdong Rare Earths Industry Group Co. Ltd	1,200,000	1.44%
HSBC Custody Nominees (Australia) Limited	1,039,433	1.25%
Winway HK Investments Limited	584,970	0.70%
Mr Sio Kai Kuan	301,750	0.36%
Io Chong Leong	300,000	0.36%
Bay Square Holdings Ltd	291,250	0.35%
Lanstone Investment Limited	225,000	0.27%
Chow Lai Wah	217,500	0.26%
Mrs Liliana Teofilova	200,000	0.24%
Hainan Finance Limited	154,600	0.19%
BNP Paribas Nominees Pty Ltd <UOB KH P/L AC UOB KH DRP>	129,107	0.15%

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.

VIAGOLD RARE EARTH RESOURCES HOLDINGS 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
Post 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)