

VIAGOLD RARE EARTH RESOURCES HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(ARBN: 070 352 500)

Preliminary Final Report

For the year ended 31 March 2022

ASX Appendix 4E

VIAGOLD RARE EARTH RESOURCES HOLDINGS LIMITED

PRELIMINARY FINAL REPORT FOR THE YEAR ENDED 31 MARCH 2022

Contents	Page
Results for Announcement to the Market	1
Explanation of Results	2 - 3
Other Information	4
Consolidated Statement of Profit or Loss	5
Consolidated Statement of Other Comprehensive Income	6
Consolidated Statement of Financial Position	7 - 8
Consolidated Statement of Changes in Equity	9
Consolidated Statement of Cash Flows	10
Notes to the Preliminary Final Report	11 - 16

VIAGOLD RARE EARTH RESOURCES HOLDINGS LIMITED

PRELIMINARY FINAL REPORT FOR THE YEAR ENDED 31 MARCH 2022

RESULTS FOR ANNOUNCEMENT TO THE MARKET

1. **Name of Entity**

ARBN:

Financial year ended (reporting period)

Financial year ended (previous corresponding period)

VIAGOLD RARE EARTH RESOURCES HOLDINGS LIMITED 070 352 500 31 March 2022 31 March 2021

2. **Results for announcement to the market**

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

	<u>2022</u> <u>A\$'000</u> <u>(Unaudited)</u>	<u>2021</u> <u>A\$'000</u> <u>(Audited)</u>	<u>Change</u> <u>A\$'000</u>	<u>Change</u> <u>%</u>
2.1 Revenue from ordinary activities	39,069	19,222	19,847	103%
2.2 Loss from ordinary activities after tax attributable to the equity holders of the Company	(109)	(280)	171	-61%
2.3 Net loss for the reporting period attributable to the equity holders of the Company	(109)	(280)	171	-61%
2.4 Dividends	Amount per security		Franked amount per security	
Final dividend	Nil		N/A	
Interim dividend	Nil		N/A	
Previous corresponding period	Nil		N/A	
2.5 Record date for determining entitlements to the dividend			N/A	

VIAGOLD RARE EARTH RESOURCES HOLDINGS LIMITED

PRELIMINARY FINAL REPORT FOR THE YEAR ENDED 31 MARCH 2022

EXPLANATION OF RESULTS

On behalf of the Board of Directors of ViaGold Rare Earth Resources Holdings Limited and its subsidiaries (collectively referred to as the “Group”), I am pleased to present the 2021/2022 annual results of the Group for year ended 31 March 2022.

REVIEW

During the past year, production activities continued to be affected by the ongoing impacts of the COVID pandemic, which posed challenges to our production departments. For the year ended 31 March 2022, The Group recorded a consolidated revenue of A\$39,069,000. With the gradual implementation of China's "carbon peak and carbon neutrality" policy, the demand of rare earth products for energy-saving motors for new energy vehicles, wind power generators and elevators has increased dramatically, and the overall market performance has been strong.

GAIN AND LOSS

- (A) For the 12 months period, the Rare Earth Business segment recorded a revenue increase, which was mainly due to the prices increase in supply and demand. However, compare to the prior year the profit of the Rare Earth Business segment decreased to A\$1,114,000 as the segment was affected by the shortage of raw materials and the increase in the cost of raw materials.
- (B) During the same period of review, revenues and profits in the Leasing and Capital Finance divisions had revenue of A\$455,000 and profit of A\$205,000.

THE EVENT AFTER THE REPORTING PERIOD

INTEREST SWAP AGREEMENT :

The Group signed an INTEREST SWAP AGREEMENT with Zhuhai Yinying Enterprise Management Consulting Co. Ltd. (“Zhuhai Yinying”) in July 2022, under the agreement, Zhuhai Yinying has agreed to exchange its 55% equity interest in its wholly owned subsidiary, Yinying (Huizhou) Industrial Park Management Co. Ltd for the following assets of the Group:

- 36% equity interest in Beijing Huabao Times International Leasing Co., Ltd; and
- 25.4% interest in Changzhou Hailin Rare Earth Co., Ltd. , which interest is held by the Company through a VIE structure.

VIAGOLD RARE EARTH RESOURCES HOLDINGS LIMITED

PRELIMINARY FINAL REPORT FOR THE YEAR ENDED 31 MARCH 2022

EXPLANATION OF RESULTS (Continued)

THE EVENT AFTER THE REPORTING PERIOD (Continued)

Based on the initial discussion on 17 Aug 2022 with ASX and the advice from ASX, the Interest Swap Agreement may involve a significant change to the nature or scale of VIA's activities and/or a disposal of VIA's main undertaking, in each case as described in Chapter 11 of the ASX Listing Rules. If the transaction constitutes a significant change to the nature or scale of VIA's activities and/or a disposal of VIA's main undertaking, VIA may be required under Chapter 11 of the ASX Listing Rules to seek shareholder approval and/or re-comply with Chapters 1 and 2 of the ASX Listing Rules. VIA has not applied to ASX for in-principle advice in relation to whether the Interest Swap Agreement will constitute a significant change to the nature or scale of VIA's activities and/or a disposal of VIA's main undertaking, whether VIA will, post-completion of the Interest Swap Agreement, have structure and operations suitable for re-admission to the official list under ASX Listing Rules 1.1 condition 1 and 1.19, or any other aspect of the Interest Swap Agreement.

OUTLOOK

In the future, the Group will focus more on the rare earth field and related businesses. The rare earth industry in China has a huge industrial chain and extensive room for development of rare-earth applied products, providing opportunities for the Group's industrial upgrading and business expansion.

As a member of Guangdong Rare Earth Group (one of the state-owned rare earth groups certified by the State Council of China), the Group has grown and become a comprehensive rare earth enterprise that incorporates 'IoT + Blockchain' based technologies in rare earth provenance, rare earth and rare-earth applied products trading, cross-border trading for rare earth import and export, providing financial services to rare earth enterprises within the supply chain, the rare earth smelting and separation, and etc.

Based on the rare earth domain built in the past, the Group actively evaluates its existing businesses, fully tap and grasp the enormous business opportunities in the rare earth industrial chain with a very forward-looking industry vision and with years of experience and practices specialized in field of rare earth, actively cultivating the rare earth recycling business and warehousing business that match rare-earth provenance and trading services. The Group introduces cooperation in providing financial technology service of protection on settlement security and fraud prevention for trading platform customers and cooperative bank customers. The Group strives to become a conglomerate with great commercial value by optimally selecting the investment targets and modes of investment cooperation in the rare earth industry.

APPRECIATION

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

VIAGOLD RARE EARTH RESOURCES HOLDINGS LIMITED

PRELIMINARY FINAL REPORT FOR THE YEAR ENDED 31 MARCH 2022

OTHER INFORMATION

1. Net assets per security	Current Reporting Period	Previous Corresponding Period
Net assets backing per ordinary security	A\$0.11	A\$0.09

2. Dividends

There was no dividend paid or declared during the current year (2021: Nil).

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

N/A

4. Details of associates and joint venture entities

For the year ended 31 March 2022, the Group only have interests in associates and no joint venture entities.

At 31 March 2022 and 2021, 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
			2022	2021	
茂名市金晟礦業 有限公司 Maoming Jinsheng Minerals Company Limited @	PRC	RMB 9,600,000	21.17%	21.17%	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%	29.05%	Retail of refined oil , cargo transportation

@ The English name is for identification purpose only

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

PRELIMINARY FINAL REPORT FOR THE YEAR ENDED 31 MARCH 2022

CONSOLIDATED STATEMENT OF PROFIT AND LOSS

	2022	2021
	A\$'000	A\$'000
	(Unaudited)	(Audited)
Turnover	39,069	19,222
Cost of services and sales	<u>(40,203)</u>	<u>(15,752)</u>
Gross (loss)/profit	(1,134)	3,470
Other income	608	170
Administrative expenses	(3,070)	(2,150)
Impairment loss under expected credit loss model, net of reversal	5,137	(191)
Share of result of an associate	(12)	2
Finance costs	<u>(1,000)</u>	<u>-</u>
Profit before income tax	529	1,301
Income tax expenses	<u>(80)</u>	<u>(562)</u>
Profit for the year	<u><u>449</u></u>	<u><u>739</u></u>
Attributable to:		
Equity holders of the Company	(109)	(280)
Non-controlling interests	<u>558</u>	<u>1,019</u>
	<u><u>449</u></u>	<u><u>739</u></u>
Loss per share attributable to the equity holders of the Company		
- Basic	<u>(A\$0.001)</u>	<u>(A\$0.003)</u>
- Diluted	<u>(A\$0.001)</u>	<u>(A\$0.003)</u>

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

VIAGOLD RARE EARTH RESOURCES HOLDINGS LIMITED

PRELIMINARY FINAL REPORT FOR THE YEAR ENDED 31 MARCH 2022

CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

	2022	2021
	A\$'000	A\$'000
	(Unaudited)	(Audited)
Profit for the year	449	739
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	328	(233)
Fair value gain on financial assets at fair value through other comprehensive income	67	-
Total comprehensive income for the year	844	506
Total comprehensive income attributable to:		
Equity holders of the Company	(100)	204
Non-controlling interests	944	302
	844	506

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

VIAGOLD RARE EARTH RESOURCES HOLDINGS LIMITED

PRELIMINARY FINAL REPORT AS AT 31 MARCH 2022

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	2022	2021
	A\$'000	A\$'000
	(Unaudited)	(Audited)
ASSETS		
Non-current assets		
Fixed assets		
- Investment property	419	435
- Plant and equipment	5,981	5,564
Right-of-use assets	4,237	4,086
Interests in an associate	538	522
Financial assets at fair value through other comprehensive income	<u>3,866</u>	<u>3,610</u>
	<u>15,041</u>	<u>14,217</u>
Current assets		
Inventories	29,752	28,149
Trade and other receivables	12,166	10,509
Amounts due from related companies	111	100
Financial assets at fair value through profit or loss	398	5,122
Pledged bank deposits	1,019	872
Cash and cash equivalents	<u>5,076</u>	<u>1,586</u>
	<u>48,522</u>	<u>46,338</u>
Total assets	<u><u>63,563</u></u>	<u><u>60,555</u></u>

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

VIAGOLD RARE EARTH RESOURCES HOLDINGS LIMITED

PRELIMINARY FINAL REPORT AS AT 31 MARCH 2022

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Continued)

	2022	2021
	AS'000	AS'000
	(Unaudited)	(Audited)
CAPITAL AND RESERVES		
Equity		
Share capital	16,662	16,662
Reserves	<u>(15,828)</u>	<u>(16,784)</u>
Capital and reserves attributable to the equity holders of the Company	834	(122)
Non-controlling interests	<u>8,314</u>	<u>7,370</u>
Total equity	9,148	7,248
LIABILITIES		
Non-current liabilities		
Amount due to a related company	<u>15,686</u>	<u>14,904</u>
Current liabilities		
Trade and other payables	20,388	15,118
Amounts due to related companies	12,354	15,544
Amounts due to key management personnel	1,709	2,782
Contract liabilities	3,638	4,414
Tax payable	<u>640</u>	<u>545</u>
	<u>38,729</u>	<u>38,403</u>
Net current assets	<u>9,793</u>	<u>7,935</u>
Total equity and liabilities	<u>63,563</u>	<u>60,555</u>

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

VIAGOLD RARE EARTH RESOURCES HOLDINGS LIMITED

PRELIMINARY FINAL REPORT FOR THE YEAR ENDED 31 MARCH 2022

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to equity holders of the Company								Non-controlling interests AS'000	Total equity AS'000
	Share capital AS'000	Share premium AS'000	Translation reserve AS'000	Contributed surplus AS'000	Warrant reserve AS'000	Investment revaluation reserve AS'000	Other reserve AS'000	Accumulated losses AS'000		
As at 1 April 2020	16,662	37,248	(28,868)	47,645	600	432	-	(74,655)	(936)	5,641
- Profit for the year	-	-	-	-	-	-	-	(280)	(280)	739
- Exchange differences arising on translation of foreign operations	-	-	484	-	-	-	-	-	484	(233)
Total comprehensive income for the year	-	-	484	-	-	-	-	(280)	204	506
Transactions with equity holders in their capacity										
- Transfer of warrant reserve upon lapse of warrants	-	-	-	-	(600)	-	-	600	-	-
- Partial disposal of subsidiaries without loss of control	-	-	-	-	-	-	-	(491)	(491)	-
- 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)	7,248
As at 1 April 2021	16,662	37,248	(28,384)	47,645	-	432	1,101	(74,826)	(122)	7,248
- Profit for the year	-	-	-	-	-	-	-	(109)	(109)	449
- Exchange differences arising on translation of foreign operations	-	-	(58)	-	-	-	-	-	(58)	328
- Fair value gain on financial assets at fair value through other comprehensive income	-	-	-	-	-	67	-	-	67	67
Total comprehensive income for the year	-	-	(58)	-	-	67	-	(109)	(100)	844
- Arising from amount due to a related company	-	-	-	-	-	-	1,056	-	1,056	1,056
As at 31 March 2022	16,662	37,248	(28,442)	47,645	-	499	2,157	(74,935)	834	9,148

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

VIAGOLD RARE EARTH RESOURCES HOLDINGS LIMITED

PRELIMINARY FINAL REPORT FOR THE YEAR ENDED 31 MARCH 2022

CONSOLIDATED STATEMENT OF CASH FLOWS

	2022	2021
	A\$'000	A\$'000
	(Unaudited)	(Audited)
Operating activities		
Net cash generated from operating activities	<u>50</u>	<u>4,810</u>
Investing activities		
Purchase of fixed assets	(812)	(174)
Purchase of financial assets at fair value through profit or loss	(23,561)	(5,122)
Redemption of financial assets at fair value through profit or loss	28,553	-
Consideration paid for investment in an associate	-	(350)
Interest received	<u>70</u>	<u>49</u>
Net cash generated from/(used in) investing activities	<u>4,250</u>	<u>(5,597)</u>
Financing activities		
Increase of pledged fixed deposits	<u>(102)</u>	<u>(627)</u>
Net cash used in financing activities	<u>(102)</u>	<u>(627)</u>
Net increase/(decrease) in cash and cash equivalents	4,198	(1,414)
Cash and cash equivalents at the beginning of the year	1,586	2,527
Effect of foreign exchange rate change, net	<u>(708)</u>	<u>473</u>
Cash and cash equivalents at the end of the year	<u><u>5,076</u></u>	<u><u>1,586</u></u>

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

VIAGOLD RARE EARTH RESOURCES HOLDINGS LIMITED

PRELIMINARY FINAL REPORT FOR THE YEAR ENDED 31 MARCH 2022

NOTES TO THE PRELIMINARY FINAL REPORT

Note 1. Statement of Significant Accounting Policies

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

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

The preliminary final report has been prepared under the historical cost convention, as modified by the revaluations of financial assets and financial liabilities which are carried at their fair values. The accounting policies adopted in this report is the same as those disclosed in the consolidated financial statements for the year ended 31 March 2022.

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

Amendments to IFRS 9, IAS 39,
IFRS 7, IFRS 4 and IFRS 16

Interest Rate Benchmark Reform
— Phase 2

Amendment to IFRS 16

Covid-19 related rent concessions
beyond 30 June 2021

In addition, the Group has early applied the Amendment to IFRS 16 Covid-19-Related Rent Concessions beyond 30 June 2021, and the agenda decision of the IFRS Interpretations Committee (the "Committee") of the International Accounting Standards Board issued in June 2021 which clarified the costs an entity should include as "estimated costs necessary to make the sale" when determining the net realisable value of inventories.

Except as described below, the application of the amendments to IFRSs in the current year has had no material impact on the Group's financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

VIAGOLD RARE EARTH RESOURCES HOLDINGS LIMITED

PRELIMINARY FINAL REPORT FOR THE YEAR ENDED 31 MARCH 2022

NOTES TO THE PRELIMINARY FINAL REPORT (continued)

Note 1. Statement of Significant Accounting Policies (continued)

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

The current reporting in the preliminary final report is the year ended 31 March 2022 while the prior year is the year ended 31 March 2021.

Note 2. Segment Reporting

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

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

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

VIAGOLD RARE EARTH RESOURCES HOLDINGS LIMITED

PRELIMINARY FINAL REPORT FOR THE YEAR ENDED 31 MARCH 2022

NOTES TO THE PRELIMINARY FINAL REPORT (continued)

Note 2. Segment Reporting (continued)

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

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

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

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

VIAGOLD RARE EARTH RESOURCES HOLDINGS LIMITED

**PRELIMINARY FINAL REPORT
FOR THE YEAR ENDED 31 MARCH 2022**

NOTES TO THE PRELIMINARY FINAL REPORT (continued)

Note 2. Segment Reporting (continued)

The segment information provided to the management for the reporting segments for the year ended 31 March 2022 is as follows:

(Unaudited)	Leasing and capital financing A\$'000	Provision of consultancy and management services to educational institutions A\$'000	Rare earth business A\$'000	Total A\$'000
Segment revenue	455	-	38,614	39,069
Inter-segment revenue	-	-	-	-
Revenue from external customers	455	-	38,614	39,069
Reportable segment profit before income tax	205	(69)	1,114	1,250
Unallocated corporate expenses				(721)
Profit before income tax				529
Depreciation	(210)	(55)	(668)	(933)
Depreciation of right-of-use assets	-	-	(64)	(64)
Interest income	5	-	65	70
As at 31 March 2022				
Reportable segment assets	1,660	158	60,657	62,475
Interests in an associate				538
Unallocated corporate assets				550
Consolidated total assets				63,563
Non-current assets				
(Other than financial instruments)	1,005	134	9,498	10,637
Unallocated corporate assets				538
				11,175
Additions to non-current assets				
(Other than financial instruments)	-	-	812	812
Reportable segment liabilities	(25)	(504)	(51,914)	(52,443)
Unallocated corporate liabilities				(1,972)
Consolidated total liabilities				(54,415)

The Group's customer base includes three (2021: three) customers with whom transactions have exceeded 10% of the Group's total revenue. Revenue from sales to these customers amounted to A\$12,407,000, A\$6,615,000 and A\$5,904,000 each which related to rare earth business segment (2021: A\$4,121,000, A\$3,747,000 and A\$3,182,000 each which related to rare earth business segment).

VIAGOLD RARE EARTH RESOURCES HOLDINGS LIMITED

**PRELIMINARY FINAL REPORT
FOR THE YEAR ENDED 31 MARCH 2022**

NOTES TO THE PRELIMINARY FINAL REPORT (continued)

Note 2. Segment Reporting (continued)

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

(Audited)	Leasing and capital financing AS'000	Provision of consultancy and management services to educational institutions AS'000	Rare earth business AS'000	Total AS'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)

VIAGOLD RARE EARTH RESOURCES HOLDINGS LIMITED

PRELIMINARY FINAL REPORT FOR THE YEAR ENDED 31 MARCH 2022

NOTES TO THE PRELIMINARY FINAL REPORT (continued)

Note 3. Additions to Plant and Equipment

During the year, the Group acquired plant and equipment at a cost of approximately A\$812,000 (Year ended 31 March 2021: approximately A\$174,000).

Note 4. Audit Status

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