

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 2020 (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 four non-executive directors. Details of the directors are set out on page 9 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	Compliance	Non-compliance
Principles			
1	Lay solid foundations for management and oversight (Continued)		
1.2	Companies should disclose the process for evaluating the performance of senior executives.	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. This required to be done by means of an annual review and evaluation.	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.

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CORPORATE GOVERNANCE STATEMENT (Continued)

No.	ASX Key Governance	Compliance	Non-compliance
Principles			
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 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	<p>Companies should disclose the process for evaluating the performance of the Board, its committees and individual directors.</p>	<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. 	<p>Not applicable.</p>

VIAGOLD RARE EARTH RESOURCES HOLDINGS LIMITED

CORPORATE GOVERNANCE STATEMENT (Continued)

No.	ASX Key Governance	Compliance	Non-compliance
Principles			
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.

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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.	The Company's Share Trading Policy contains guidelines and restrictions concerning trading in the Company's securities. This Policy is published on the Company's website.	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>

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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.

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CORPORATE GOVERNANCE STATEMENT (Continued)

No.	ASX Key Governance	Compliance	Non-compliance
Principles			
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; 	

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CORPORATE GOVERNANCE STATEMENT (Continued)

No.	ASX Key Governance	Compliance	Non-compliance
Principles			
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.

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CORPORATE GOVERNANCE STATEMENT (Continued)

No.	ASX Key Governance	Compliance	Non-compliance
Principles			
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.

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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	The remuneration committee should be structured so that it: (a) consists of a majority of independent directors; (b) is chaired by an independent chair, (c) has at least 3 members.	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. Mr. Yan Wang is the chair of the committee.	Not applicable.
8.3	Companies should clearly distinguish the structure of non-executive directors' remuneration from that of executive directors and senior executives.	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. <i>Executive's remuneration</i> Remuneration packages may contain any or all of the following: • 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	Compliance	Non-compliance
8	Principles		
8	Remunerate reasonably and fairly (Continued)		
8.4	<p>Companies which have equity based remuneration scheme should:</p> <p>(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</p> <p>(b) disclose that policy or a summary of it</p>	<p>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.</p>	<p>Not applicable.</p>
8.5	<p>Companies should provide the information indicated in the Guide to reporting on Principle 8.</p>	<p>The Company will provide and explanation of departures (if any) from the Key Principles recommendations 8.1 - 8.4 in its future annual reports.</p>	<p>Not applicable.</p>