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**VIAGOLD RARE EARTH RESOURCES HOLDINGS LIMITED**  
**(FORMERLY KNOWN AS VIAGOLD CAPITAL LIMITED)**  
**(Incorporated in Bermuda with limited liability)**  
**(ARBN: 070 352 500)**

**Interim Financial Report**  
**For the Half -Year Ended 30 September 2019**  
**ASX Appendix 4D**

VIAGOLD RARE EARTH RESOURCES HOLDINGS LIMITED  
(FORMERLY KNOWN AS VIAGOLD CAPITAL LIMITED)

INTERIM FINANCIAL REPORT  
FOR THE HALF -YEAR ENDED 30 SEPTEMBER 2019

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VIAGOLD RARE EARTH RESOURCES HOLDINGS LIMITED  
(FORMERLY KNOWN AS VIAGOLD CAPITAL LIMITED)

Appendix 4D

Interim Financial Report For The Half-Year Ended 30 September 2019

<b>1. Name of entity:</b>	VIAGOLD RARE EARTH RESOURCES HOLDINGS LIMITED ("VIA") (FORMERLY KNOWN AS VIAGOLD CAPITAL LIMITED)
ARBN	070 352 500
Half-year ended (reporting period)	30 September 2019
Half-year ended (previous corresponding period)	30 September 2018

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

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

	Six months to 30 September		Change A\$'000	Change %
	2019	2018		
	A\$'000	A\$'000		
2.1 Revenue from ordinary activities	16,138	8,896	7,242	81%
2.2 Profit/(loss) from ordinary activities after tax attributable to members	67	(316)	383	121%
2.3 Profit/(loss) for the reporting period attributable to members	67	(316)	383	121%
2.4 Dividend				
	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	Nil	N/A		

**3. Net tangible assets per security**

	Current period	Previous corresponding period
	A\$0.28	A\$0.43
Net tangible assets backing per ordinary security	A\$0.28	A\$0.43

**4. Dividend**

There was no dividend declared or paid during the current period.

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

N/A

VIAGOLD RARE EARTH RESOURCES HOLDINGS LIMITED  
(FORMERLY KNOWN AS VIAGOLD CAPITAL LIMITED)

Appendix 4D

Interim Financial Report For The Half-Year Ended 30 September 2019

**6. Details of associates and joint venture entities**

There were no joint venture entity holdings in the current period.

Detail of the associate is as follow:

Name of the associate:	Maoming Jinsheng Minerals Company Limited
Effective percentage holding:	25.5%
Aggregate share of losses:	A\$155,000 (Previous corresponding period: A\$144,000)
Contributions to net profit:	N/A (Previous corresponding period: 11%)

**7. Basis of preparations**

The interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, it is recommended that this report be read in conjunction with the annual financial report for the year ended 31 March 2019 and any public announcements made by ViaGold Rare Earth Resources Holdings Limited (formerly known as ViaGold Capital Limited) during the half-year in accordance with the continuous disclosure requirements under the Listing Rules of the Australian Securities Exchange Limited ("ASX").

**Compliance Statement**

8. The information provided in this report has been prepared in accordance with the International Financial Reporting Standards which is acceptable to the ASX for foreign reporting entities.
9. The Interim Financial Report of ViaGold Rare Earth Resources Holdings Limited (formerly known as ViaGold Capital Limited) for the half-year ended 30 September 2019 has been subject to review. A copy of the independent review report to the members of ViaGold Rare Earth Resources Holdings Limited (formerly known as ViaGold Capital Limited) is attached.

VIAGOLD RARE EARTH RESOURCES HOLDINGS LIMITED  
(FORMERLY KNOWN AS VIAGOLD CAPITAL LIMITED)

DIRECTORS' REPORT

The Directors present their interim financial report together with the condensed consolidated financial statements of ViaGold Rare Earth Resources Holdings Limited (formerly known as ViaGold Capital Limited) (the "Company") and its controlled entities (collectively the "Group") for the half-year ended 30 September 2019.

DIRECTORS

The Directors of the Company during the period and up to the date of this report were:

Executive directors:

Ms. Mulei SHI (Chief Executive Officer)  
Mr. King Choi LEUNG  
Mr. Changyuan LIAO (appointed as Chairman on 30 September 2019)

Non-executive directors:

Dr. Longguang SHI (resigned as Chairman on 30 September 2019)  
Ms. Jingcui HONG (appointed on 30 September 2019)

Independent non-executive directors:

Mr. Yan WANG  
Mr. Fuchuan GUO  
Mr. Xunchang HU

PRINCIPAL ACTIVITIES OF THE GROUP

The Company acts as an investment holding company. The subsidiaries of the Company are principally engaged in rare earth refining and separation, leasing and capital financing, mineral trading business as well as consultancy and management services to educational institutions.

DIVIDEND

The Directors do not recommend the payment of a dividend. No dividend has been declared or paid since the end of the previous financial year.

VIAGOLD RARE EARTH RESOURCES HOLDINGS LIMITED  
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CONSOLIDATED RESULTS AND REVIEW OF OPERATIONS

During the 6 months period of review, China started to ease the restricted supply by increasing quotas for both the rare earth mining and smelting and separation. China typically issues the rare earth quotas twice a year for six-months period. In March, the first-half quotas were set at 60,000 tones for mining and 57,500 tones for smelting and separation. Export raise and price of rare earth products price also raise to the high level in August and September of the year. During the six months period of review, the Segment revenue recorded growth of 84% amounted to A\$15,655,000 (2018: A\$8,499,000) and a profit of A\$900,000 including a A\$426,000 dividend income generated from financial assets at fair value through other comprehensive income (2018: loss of A\$875,000).

During the 6 months period of review, the education team continue to strike hard to maintain similar record as last period, however, both the rental cost in school premises and continue weakness of the Chinese Yuan, the segment in management and consulting services in education achieved a slightly drop in revenue of A\$181,000 (2018: A\$200,000) and generated a profit of A\$53,000 (2018: A\$69,000).

The Leasing and Capital Financing enjoyed good growth during the six month period of review. It continues to enjoy the long term lease for renting all its vehicles, the increase rental of its property in Beijing and the financial income from its surplus cash of A\$621,000 over the period. The leasing and capital financing segment had achieved growth in revenue of A\$302,000 (2018: A\$197,000) and had resumed its profitable position achieving a profit of A\$68,000 (2018: loss of A\$39,000).

As a combined effect of the above and during the period 1/4/2019 – 30/9/2019, the Group had a combined revenue of A\$16,138,000 (2018: A\$8,896,000) which represented a growth of 81%, a gross profit of A\$1,540,000 (2018: A\$427,000) and a profit of A\$701,000 (2018: loss of A\$1,269,000).

During the six months under review, the Group has successfully completed the issue of 41,656,202 ordinary shares at A\$0.03 per share to eligible shareholders under the rights issue in August. This has contributed A\$1,249,000 to improve the cash position of the Group.

OUTLOOK

For rare earth processing and refinery sector: China is home to at least 85% of global rare earth processing capacity. In recent years, under the impact of illegal mining and separation of some enterprises, the entire industry has been suppressed including the supply of raw materials and the prices of rare earth products. In May 2019, China's top leader gave important instructions for the development of the rare earth industry. With the implementation of a series of crackdowns, the price of rare earth products is enjoying its first recovering session in the first six months of 2019. This is good news for the Group's rare earth processing and refinery operating entity as one of 57 legal rare earth separation companies listed on Ministry of Industry and Information Technology of People's Republic of China.

VIAGOLD RARE EARTH RESOURCES HOLDINGS LIMITED  
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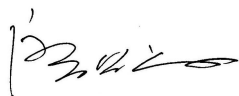
OUTLOOK

For education management and consulting business: the increase in enrollment rate and education expenditure will go up in line with increase per capita GDP.

For leasing and financing business: both property rental, demand for lending vehicles will continue to boost in China, in particular in Beijing where our leasing assets are located. Moreover, we have cash reserve to meet the increasing need in this sector. We believe that it is a matter of the scale of investment into the business which will generate stable growth in revenue and profit for the sector.

At present, the Group continue to rely on and support by one of our shareholders - Guangdong Rare Earths Industry Group Co., Ltd., one of the six major rare earth groups identified by the State Council of People's Republic China. In September 2019, Guangdong Rare Earths Industry Group Co., Ltd. appointed a director in our Group to strengthen the operations management for the rare earth business sector and assist us in securing quota which can meet our rare earth separation capacity from the Ministry of Industry and Information Technology of People's Republic of China. As such, it will enhance the profit growth of our existing rare earth separation and refinery sector. The Group will maintain close communication with the Ministry of Industry and Information Technology of the People's Republic of China for their support and provide solutions and services for a healthy development of the Group's rare earth business; establish business alliances with upstream, midstream and downstream legitimate entities in the rare earth sector, and actively promote the in-depth cooperation with China Baotou Rare Earth Products Exchange. As such, we believe performance growth will sustain. Our Group will continue to adopt maintaining a conservative but proactive business development and investment strategy with a view to optimizing returns for our shareholders.

On behalf of the Board, I would like to sincerely thank all our shareholders, investors, bankers, business associates and clients for their continuing support to the Group and to my fellow directors, the auditor and consultants for their professional services rendered to the Group and all the dedicated staff members of the Group for their hard work and contribution during the period under review.



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Mr. Changyuan LIAO  
Director

29 November 2019

VIAGOLD RARE EARTH RESOURCES HOLDINGS LIMITED  
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DIRECTORS' DECLARATION

The Directors of the Company declare that, for the half-year ended 30 September 2019:

1. The attached financial statements and notes thereto as set out on pages 7 to 26:
  - (a) comply with the International Accounting Standard ("IAS") 34 "Interim Financial Reporting"; and
  - (b) give a true and fair view of the Group's financial position as at 30 September 2019 and of its performance for the half-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 the Board of Directors.



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Mr. Changyuan LIAO  
Director

29 November 2019



VIAGOLD RARE EARTH RESOURCES HOLDINGS LIMITED  
(FORMERLY KNOWN AS VIAGOLD CAPITAL LIMITED)

CONDENSED CONSOLIDATED INCOME STATEMENT  
FOR THE HALF-YEAR ENDED 30 SEPTEMBER 2019

	Note	Six months ended 30 September	
		2019 A\$'000	2018 A\$'000
Turnover	5	16,138	8,896
Cost of services and sales		(14,598)	(8,469)
Gross profit		1,540	427
Other income		428	28
Other loss		-	(88)
Administrative expenses		(1,250)	(1,447)
Share of loss of an associate		(5)	(143)
Finance cost		-	(46)
Profit/(loss) before income tax		713	(1,269)
Income tax expenses	5	(12)	-
Profit/(loss) for the period		701	(1,269)
Attributable to:			
Equity holders of the Company		67	(316)
Non-controlling interests		634	(953)
		701	(1,269)
Earnings/(loss) per share attributable to the equity holders of the Company			
- basic		A\$0.002	A\$(0.008)
- diluted		A\$0.002	A\$(0.008)

The notes on pages 13 to 26 form an integral part of this condensed consolidated interim financial report.

VIAGOLD RARE EARTH RESOURCES HOLDINGS LIMITED  
(FORMERLY KNOWN AS VIAGOLD CAPITAL LIMITED)

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
 FOR THE HALF-YEAR ENDED 30 SEPTEMBER 2019

	Six months ended 30 September	
	2019 A\$'000	2018 A\$'000
Profit/(loss) for the period	701	(1,269)
Other comprehensive income/(loss), net of tax:		
Items that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of financial statements of overseas subsidiaries	(386)	(1,469)
Fair value gain/(loss) on financial assets at fair value through other comprehensive income	3,712	(381)
Total comprehensive income/(loss) for the period	<u>4,027</u>	<u>(3,119)</u>
Attributable to:		
Equity holders of the Company	1,091	(1,200)
Non-controlling interests	2,936	(1,919)
	<u>4,027</u>	<u>(3,119)</u>

The notes on pages 13 to 26 form an integral part of this condensed consolidated interim financial report.

**VIAGOLD RARE EARTH RESOURCES HOLDINGS LIMITED**  
**(FORMERLY KNOWN AS VIAGOLD CAPITAL LIMITED)**

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS AT 30 SEPTEMBER 2019**

	<u>Note</u>	As at 30 September 2019 A\$'000	As at 31 March 2019 A\$'000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Fixed assets			
- Investment property	6	472	497
- Property, plant and equipment	6	7,183	7,759
Land use rights		-	4,415
Right-of-use assets	8	4,329	-
Interests in an associate		181	188
Financial assets at fair value through other comprehensive income	9	6,005	1,913
		<u>18,170</u>	<u>14,772</u>
<b>Current assets</b>			
Inventories	10	47,820	46,816
Trade and other receivables	11	22,145	24,825
Pledged bank deposits	12	400	140
Cash and cash equivalents		3,290	926
		<u>73,655</u>	<u>72,707</u>
<b>Total assets</b>		<u><u>91,825</u></u>	<u><u>87,479</u></u>
<b>EQUITY</b>			
<b>Capital and reserves</b>			
Share capital	13	16,662	8,331
Reserves		<u>(4,343)</u>	<u>1,648</u>
Capital and reserves attributable to the equity holders of the Company		12,319	9,979
Non-controlling interests		<u>15,298</u>	<u>12,362</u>
<b>Total equity</b>		<u><u>27,617</u></u>	<u><u>22,341</u></u>

The notes on pages 13 to 26 form an integral part of this condensed consolidated interim financial report.

**VIAGOLD RARE EARTH RESOURCES HOLDINGS LIMITED**  
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**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS AT 30 SEPTEMBER 2019**

	<u>Note</u>	As at 30 September 2019 A\$'000	As at 31 March 2019 A\$'000
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Deferred tax liabilities	14	7,384	7,477
<b>Current liabilities</b>			
Trade and other payables	15	56,763	57,513
Contract liabilities	16	25	112
Tax payable		36	36
		<u>56,824</u>	<u>57,661</u>
<b>Total equity and liabilities</b>		<u><u>91,825</u></u>	<u><u>87,479</u></u>

The notes on pages 13 to 26 form an integral part of this condensed consolidated interim financial report.

VIAGOLD RARE EARTH RESOURCES HOLDINGS LIMITED  
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CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE HALF-YEAR ENDED 30 SEPTEMBER 2019

	Attributable to equity holders of the Company										
	Reserves										
	Share capital A\$'000	Share premium A\$'000	Translation reserve A\$'000	Contributed surplus A\$'000	Warrant reserve A\$'000	Share-based compensation reserve A\$'000	Investment revaluation reserve A\$'000	Accumulated losses A\$'000	Sub-total A\$'000	Non-controlling interests A\$'000	Total equity A\$'000
As at 1 April, 2018	8,331	44,330	(27,226)	47,645	1,080	1,707	-	(58,921)	16,946	33,074	50,020
Loss for the period	-	-	-	-	-	-	-	(316)	(316)	(953)	(1,269)
Exchange differences arising on translation of foreign operations	-	-	(503)	-	-	-	-	-	(503)	(966)	(1,469)
Fair value loss on financial assets at fair value through other comprehensive income	-	-	-	-	-	-	(381)	-	(381)	-	(381)
Total comprehensive loss	-	-	(503)	-	-	-	(381)	(316)	(1,200)	(1,919)	(3,119)
As at 30 September 2018	8,331	44,330	(27,729)	47,645	1,080	1,707	(381)	(59,237)	15,746	31,155	46,901

	Attributable to equity holders of the Company										
	Reserves										
	Share capital A\$'000	Share premium A\$'000	Translation reserve A\$'000	Contributed surplus A\$'000	Warrant reserve A\$'000	Share-based compensation reserve A\$'000	Investment revaluation reserve A\$'000	Accumulated losses A\$'000	Sub-total A\$'000	Non-controlling interests A\$'000	Total equity A\$'000
As at 1 April, 2019	8,331	44,330	(26,855)	47,645	930	1,707	(381)	(65,728)	9,979	12,362	22,341
Profit for the period	-	-	-	-	-	-	-	67	67	634	701
Exchange differences arising on translation of foreign operations	-	-	(382)	-	-	-	-	-	(382)	(4)	(386)
Fair value gain on financial assets at fair value through other comprehensive income	-	-	-	-	-	-	1,406	-	1,406	2,306	3,712
Total comprehensive gain	-	-	(382)	-	-	-	1,406	67	1,091	2,936	4,027
Issue of shares (note 13)	8,331	(7,082)	-	-	-	-	-	-	1,249	-	1,249
As at 30 September 2019	16,662	37,248	(27,237)	47,645	930	1,707	1,025	(65,661)	12,319	15,298	27,617

The notes on pages 13 to 26 form an integral part of this condensed consolidated interim financial report.

VIAGOLD RARE EARTH RESOURCES HOLDINGS LIMITED  
(FORMERLY KNOWN AS VIAGOLD CAPITAL LIMITED)

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE HALF-YEAR ENDED 30 SEPTEMBER 2019

	Six months ended 30 September	
	2019 A\$'000	2018 A\$'000
Net cash generated from operating activities	1,953	2,210
Net cash (used in)/generated from investing activities	(46)	82
Net cash generated from/(used in) financing activities	985	(1,413)
Net increase in cash and cash equivalents	2,892	879
Cash and cash equivalents at the beginning of the period	926	923
Exchange losses on cash and cash equivalents	(528)	(1,305)
Cash and cash equivalents at the end of the period	3,290	497

The notes on pages 13 to 26 form an integral part of this condensed consolidated interim financial report.

VIAGOLD RARE EARTH RESOURCES HOLDINGS LIMITED  
(FORMERLY KNOWN AS VIAGOLD CAPITAL LIMITED)

NOTES TO THE INTERIM FINANCIAL REPORT  
FOR THE HALF-YEAR ENDED 30 SEPTEMBER 2019

**1. GENERAL INFORMATION**

ViaGold Rare Earth Resources Holdings Limited (formerly known as ViaGold Capital 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 address of its registered office is Suite 1102, Level 11, 370 Pitt Street, Sydney, NSW, 2000 Australia.

The Company acts as an investment holding company. The subsidiaries of the Company are principally engaged in rare earth refining and separation, leasing and capital financing, mineral trading business and consultancy and management services to educational institutions.

This interim financial report is presented in units of Australian dollars (A\$), unless otherwise stated.

**2. BASIS OF PREPARATION**

This condensed consolidated interim financial report for the half-year ended 30 September 2019 has been prepared in accordance with International Accounting Standard ("IAS") 34 "Interim Financial Reporting" issued by International Accounting Standard Board ("IASB"). The condensed consolidated interim financial report does not include notes of the type normally included in an annual financial report and should be read in conjunction with the annual financial report of the Group for the year ended 31 March 2019 and any public announcements made by the Group during the half-year.

The interim financial report has been prepared in accordance with the same accounting policies adopted in the annual financial report for the year ended 31 March 2019, except for the accounting policy changes that are expected to be reflected in the annual financial report for the year ending 31 March 2020.

The interim financial report contains condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since annual financial report for the year ended 31 March 2019. The condensed consolidated interim financial statements and notes thereon do not include all of the information required for full set of financial statements prepared in accordance with International Financial Reporting Standards ("IFRSs").

The interim financial report is unaudited, but has been reviewed by KTC Partners CPA Limited ("KTC") in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". KTC's independent review report to the members of the Company is included on page 27.

VIAGOLD RARE EARTH RESOURCES HOLDINGS LIMITED  
(FORMERLY KNOWN AS VIAGOLD CAPITAL LIMITED)

NOTES TO THE INTERIM FINANCIAL REPORT  
FOR THE HALF-YEAR ENDED 30 SEPTEMBER 2019

**3. ACCOUNTING POLICIES**

The accounting policies adopted in the preparation of the condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 March 2019, except for the adoption of new standards effective as of 1 April 2019.

HKFRS 16	Leases
IFRIC-Int 23	Uncertainty over Income Tax Treatments
Amendments to IFRS 9	Prepayment Features with Negative Compensation
Amendments to IAS 19	Plan Amendment, Curtailment or Settlement
Amendments to IAS 28	Long-term Interests in Associates and Joint Ventures
Amendments to IFRSs	Annual Improvements to HKFRSs 2015–2017 Cycle

Except as described in Note 4, the application of the new and amendments to IFRSs in the current period has had no material impact on the Group's financial positions and performance for the current and prior periods and/or on the disclosures set out in these condensed consolidated financial statements.

**4. CHANGE IN ACCOUNTING POLICIES**

This note explains the impact of the adoption of IFRS 16 Leases on the Group's financial statements and also discloses the new accounting policies that have been applied since 1 April 2019, where they are different to those applied in prior periods.

Except for IFRS 16 Leases, none of the developments have had a material effect on how the Group's results and financial position for the current or prior periods have been prepared or presented in this interim financial report. The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

**Adoption of IFRS 16 Leases**

The Group has adopted IFRS 16 retrospectively from 1 April 2019, as permitted under the specific transitional provisions in the standard. The reclassifications and the adjustments arising from the new leasing rules are therefore recognised in the opening condensed consolidated statement of financial position on 1 April 2019.

**(a) Impact of the adoption of IFRS 16**

The following table shows the adjustment for change in accounting policy recognised for each individual line item. Line items that were not affected by the changes have not been included. As a result, the sub-totals and totals disclosed cannot be recalculated from the numbers provided.



VIAGOLD RARE EARTH RESOURCES HOLDINGS LIMITED  
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NOTES TO THE INTERIM FINANCIAL REPORT  
 FOR THE HALF-YEAR ENDED 30 SEPTEMBER 2019

**4. CHANGE IN ACCOUNTING POLICIES (Continued)**

(a) Impact of the adoption of IFRS 16 (Continued)

	As previously stated A\$'000	As at 1 April 2019 Impact of IFRS 16 A\$'000	Restated A\$'000
<b>Condensed consolidated statement of financial position (extract)</b>			
<b>Non-current assets</b>			
Land use rights	4,415	(4,415)	-
Right-of-use assets	-	4,415	4,415
	<u>          </u>	<u>          </u>	<u>          </u>

(i) Practical expedients applied

In applying IFRS 16 for the first time, the Group has used the following practical expedients permitted by the standard:

- the use of a single discount rate to a portfolio of leases with reasonably similar characteristics;
- the use of recognition exemption to lease with a remaining lease term of less than 12 months at 1 April 2019;
- the exclusion of initial direct costs for the measurement of the right-of-use asset at the date of initial application; and
- the use of hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

The Group has also elected not to reassess whether a contract is, or contains a lease at the date of initial application. Instead, for contracts entered into before the transition date the Group relied on its assessment made applying IAS 17.

(ii) The Group's leasing activities and how these are accounted for

Rental contracts are typically made for fixed periods. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants, but leased assets may not be used as security for borrowing purposes.

Before the adoption of the standard, leases of premises were classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) were charged to profit or loss on a straight-line basis over the period of the lease.

VIAGOLD RARE EARTH RESOURCES HOLDINGS LIMITED  
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NOTES TO THE INTERIM FINANCIAL REPORT  
FOR THE HALF-YEAR ENDED 30 SEPTEMBER 2019

**4. CHANGE IN ACCOUNTING POLICIES (Continued)**

(a) Impact of the adoption of IFRS 16 (Continued)

(ii) The Group's leasing activities and how these are accounted for

From 1 April 2019, leases are recognised as a right-of-use asset and corresponding liabilities at the date at which the leased asset is available for use by the Group. Each lease payment is allocated between the lease liabilities and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payment that are based on an index or a rate;
- amounts expected to be payable by the lessee under residual value guarantees;
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option; and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be determined, the lessee's incremental borrowing rate is used, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability; and
- any lease payments made at or before the commencement date less any lease incentives received.

Payments associated with short-term leases are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less.

VIAGOLD RARE EARTH RESOURCES HOLDINGS LIMITED  
(FORMERLY KNOWN AS VIAGOLD CAPITAL LIMITED)

NOTES TO THE INTERIM FINANCIAL REPORT  
FOR THE HALF-YEAR ENDED 30 SEPTEMBER 2019

**5. SEGMENT REPORTING**

The Group manages its business by divisions, which are organized 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.

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

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

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

**VIAGOLD RARE EARTH RESOURCES HOLDINGS LIMITED  
(FORMERLY KNOWN AS VIAGOLD CAPITAL LIMITED)**

**NOTES TO THE INTERIM FINANCIAL REPORT  
FOR THE HALF-YEAR ENDED 30 SEPTEMBER 2019**

**5. SEGMENT REPORTING (Continued)**

The segment information for the reporting segments for the half-year ended 30 September 2019 is as follows:

	Trading of minerals A\$'000	Leasing and capital financing A\$'000	Provision of consultancy and management services to educational institutions A\$'000	Rare earth refining and separation A\$'000	Consolidated A\$'000
Segment revenue	-	302	181	15,655	16,138
Inter-segment revenue	-	-	-	-	-
Revenue from external customers	-	302	181	15,655	16,138
Reportable segment gross profit	-	201	116	1,223	1,540
Reportable segment (loss)/ profit before income tax	(2)	68	53	900	1,019
Unallocated corporate expenses				(306)	(306)
Profit before income tax					713
Income tax expenses					(12)
Profit for the period					701

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**NOTES TO THE INTERIM FINANCIAL REPORT  
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**5. SEGMENT REPORTING (Continued)**

The segment information for the reporting segments for the half-year ended 30 September 2019 is as follows:

	Trading of minerals A\$'000	Leasing and capital financing A\$'000	Provision of consultancy and management services to educational institutions A\$'000	Rare earth refining and separation A\$'000	Consolidated A\$'000
As at 30 September 2019					
Reportable segment assets	3	1,810	490	87,932	90,235
Interest in associate					181
Unallocated corporate assets					1,409
Consolidated total assets					<u>91,825</u>
Addition to non-current assets (other than financial institution)	-	-	-	48	48
Reportable segment liabilities	(12)	(23)	(742)	(61,504)	(62,281)
Unallocated corporate liabilities					(1,927)
Consolidated total liabilities					<u>(64,208)</u>

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**5. SEGMENT REPORTING (Continued)**

The segment information for the reporting segments for the half-year ended 30 September 2018 is as follows:

	Trading of minerals A\$'000	Leasing and capital financing A\$'000	Provision of consultancy and management services to educational institutions A\$'000	Rare earth refining and separation A\$'000	Consolidated A\$'000
Segment revenue	-	197	200	8,499	8,896
Inter-segment revenue	-	-	-	-	-
Revenue from external customers	-	197	200	8,499	8,896
Reportable segment gross profit	-	97	132	198	427
Reportable segment (loss)/profit before income tax	-	(39)	69	(875)	(845)
Unallocated corporate expenses					(424)
Loss before income tax					(1,269)
Income tax credit					-
Loss for the period					(1,269)

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**NOTES TO THE INTERIM FINANCIAL REPORT  
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**5. SEGMENT REPORTING (Continued)**

The segment information for the reporting segments for the half-year ended 30 September 2018 is as follows:

	Trading of minerals A\$'000	Leasing and capital financing A\$'000	Provision of consultancy and management services to educational institutions A\$'000	Rare earth refining and separation A\$'000	Consolidated A\$'000
As at 30 September 2018					
Reportable segment assets	-	1,883	846	100,927	103,656
Interest in associate					186
Unallocated corporate assets					1,019
Consolidated total assets					<u>104,861</u>
Addition to non-current assets (other than financial institution)	-	-	-	13	13
Reportable segment liabilities	-	(92)	(1,197)	(55,731)	(57,020)
Unallocated corporate liabilities					(940)
Consolidated total liabilities					<u>(57,960)</u>

VIAGOLD RARE EARTH RESOURCES HOLDINGS LIMITED  
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NOTES TO THE INTERIM FINANCIAL REPORT  
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6. FIXED ASSETS

	Furniture and equipment A\$'000	Motor vehicles A\$'000	Plant and machinery A\$'000	Leasehold improvement A\$'000	Buildings A\$'000	Sub-total A\$'000	Investment property A\$'000	Total A\$'000
<u>Cost</u>								
As at 31 March 2019	106	1,828	3,059	2,168	3,939	11,100	830	11,930
Additions	-	-	-	48	-	48	-	48
Exchange realignment	(1)	(22)	(37)	(27)	(51)	(138)	(10)	(148)
As at 30 September 2019	105	1,806	3,022	2,189	3,888	11,010	820	11,830
<u>Accumulated depreciation</u>								
As at 31 March 2019	82	935	1,267	387	670	3,341	333	3,674
Charge for the period	7	145	218	59	101	530	19	549
Exchange realignment	(1)	(12)	(17)	(5)	(9)	(44)	(4)	(48)
As at 30 September 2019	88	1,068	1,468	441	762	3,827	348	4,175
<u>Carrying amount</u>								
As at 30 September 2019	17	738	1,554	1,748	3,126	7,183	472	7,655
As at 31 March 2019	24	893	1,792	1,781	3,269	7,759	497	8,256



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**NOTES TO THE INTERIM FINANCIAL REPORT**  
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**7. SEASONALITY OF OPERATIONS**

Since the rare earth refining and separation, leasing and capital financing, and consultancy and management service business segments do not have any seasonal trend, no analysis of operation is presented.

**8. RIGHT-OF-USE ASSETS**

	A\$'000
As at 1 April 2019	4,415
Depreciation charged for the period	(32)
Exchange realignment	(54)
	<hr/>
As at 30 September 2019	<u>4,329</u>

The right-of-use assets related to the land use rights are located in the PRC.

**9. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME**

	As at 30 September 2019 A\$'000	As at 31 March 2019 A\$'000
Financial assets at fair value through other comprehensive income		
- unlisted equity shares	<u>6,005</u>	<u>1,913</u>

Financial assets at fair value through other comprehensive income represents 4,747,937 (31 March 2019: 4,100,969) ordinary shares in Jiangsu Jiangnan Rural Commercial Bank Co., Ltd.

**10. INVENTORIES**

	As at 30 September 2019 A\$'000	As at 31 March 2019 A\$'000
Raw materials	1,187	606
Work-in-progress	38,299	42,730
Finished goods	8,334	3,480
	<hr/>	<hr/>
	<u>47,820</u>	<u>46,816</u>

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NOTES TO THE INTERIM FINANCIAL REPORT  
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**11. TRADE AND OTHER RECEIVABLES**

	As at 30 September 2019 A\$'000	As at 31 March 2019 A\$'000
Trade receivables	6,321	7,340
Bill receivables	-	21
Other receivables, deposits and prepayments	13,701	14,894
Amounts due from related companies	2,123	2,570
	<u>22,145</u>	<u>24,825</u>

**12. PLEDGED BANK DEPOSITS**

As at 30 September 2019, the Group pledged approximately A\$400,000 bank deposits (31 March 2019: A\$140,000), which is denominated in RMB, to bankers of the Group to secure the bill payables due within six months. The pledged bank deposits will be released upon the settlement of relevant bill payables.

**13. SHARE CAPITAL**

	Number of shares '000	Ordinary shares A\$'000
<u>Issued and fully paid</u>		
As at 31 March 2019	41,656	8,331
Issue of right shares (note)	41,656	8,331
	<u>83,312</u>	<u>16,662</u>
At as 30 September 2019	<u>83,312</u>	<u>16,662</u>

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.

**VIAGOLD RARE EARTH RESOURCES HOLDINGS LIMITED**  
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NOTES TO THE INTERIM FINANCIAL REPORT  
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**14. DEFERRED TAX LIABILITIES**

The following are the major deferred income tax liabilities recognized and movements thereon during the

	A\$'000
As at 31 March 2019	7,477
Exchange realignment	<u>(93)</u>
As at 30 September 2019	<u><u>7,384</u></u>

**15. TRADE AND OTHER PAYABLES**

	As at 30 September 2019 A\$'000	As at 31 March 2019 A\$'000
Trade payables and bill payables	12,211	12,109
Other payables and accrued charges	1,580	1,759
Amounts due to key management personnel	2,813	2,495
Amounts due to related companies	<u>40,159</u>	<u>41,150</u>
	<u><u>56,763</u></u>	<u><u>57,513</u></u>

**16. CONTRACT LIABILITIES**

	As at 30 September 2019 A\$'000	As at 31 March 2019 A\$'000
Leasing and capital financing	-	96
Rare earth refining and separation	<u>25</u>	<u>16</u>
	<u><u>25</u></u>	<u><u>112</u></u>

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NOTES TO THE INTERIM FINANCIAL REPORT  
 FOR THE HALF-YEAR ENDED 30 SEPTEMBER 2019

**17. MATERIAL RELATED PARTY TRANSACTIONS**

<u>Transactions</u> <u>Related party</u>	<u>Nature of transactions</u>	Six months ended 30 September	
		2019 A\$'000	2018 A\$'000
Related companies	Consultancy and management services income	181	200
Directors of the Company	Key management compensation	128	102
<u>Balances due from/ (to)</u> <u>Related party</u>	<u>Nature of balances</u>	As at 30 September 2019 A\$'000	As at 31 March 2019 A\$'000
Related companies	Amounts due from related companies	2,123	2,570
	Amounts due to related companies	(40,159)	(41,150)
Related parties	Amounts due to key management personnel	(2,813)	(2,495)

**18. DIVIDEND**

No dividend was paid for both periods. The directors do not recommend the payment of an interim dividend.

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# KTC Partners CPA Limited

*Certified Public Accountants (Practising)*

和信會計師事務所有限公司

## REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION TO THE BOARD OF DIRECTORS OF VIAGOLD RARE EARTH RESOURCES HOLDINGS LIMITED (FORMERLY KNOWN AS VIAGOLD CAPITAL LIMITED)

### Introduction

We have reviewed the interim condensed consolidated financial information set out on pages 7 to 26 which comprises the condensed consolidated statement of financial position of ViaGold Rare Earth Resources Holdings Limited (formerly known as ViaGold Capital Limited) (the "Company") and its subsidiaries (together, the "Group") as of 30 September 2019 and the related condensed consolidated income statement, statement of comprehensive income, statement of changes in equity and statement of cash flows for half-year period then ended and explanatory notes. The directors of the Company are responsible for the preparation and presentation of condensed consolidated financial statements in accordance with International Accounting Standard 34 "Interim Financial Reporting" ("IAS 34").

Our responsibility is to express a conclusion, based on our review, on the interim condensed consolidated financial statements and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

### Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity." A review of interim condensed consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim condensed consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34.

**KTC Partners CPA Limited**

*Certified Public Accountants (Practising)*

Chow Yiu Wah, Joseph

Practising Certificate Number: P04686

Hong Kong, 29 November 2019