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VIAGOLD CAPITAL LIMITED
(Incorporated in Bermuda with limited liability)
(ARBN: 070 352 500)

Interim Financial Report
For the Half -Year Ended 30 September 2016
ASX Appendix 4D

VIAGOLD CAPITAL LIMITED

INTERIM FINANCIAL REPORT
FOR THE HALF -YEAR ENDED 30 SEPTEMBER 2016

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VIAGOLD CAPITAL LIMITED

Appendix 4D

Interim Financial Report For The Half-Year Ended 30 September 2016

1.	Name of Entity	VIAGOLD CAPITAL LIMITED (“VCL”)
	ARBN:	070 352 500
	Half-year ended (reporting period)	30 September 2016
	Half-year ended (previous corresponding period)	30 September 2015

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	Change
		2016	2015	A\$'000	%
		A\$'000	A\$'000	A\$'000	%
2.1	Revenue from ordinary activities	17,962	393	17,569	Over 100%
	Referring to the announcement on 27 May 2016, the acquisition of entire issued share capital of Polygoal Capital Limited had completed that date. It resulted a significant increase in total revenue by A\$17,578,000.				
2.2	Loss from ordinary activities after tax attributable to members	(733)	(403)	(330)	Over 100%
2.3	Loss for the reporting period attributable to members	(770)	(403)	(367)	Over 100%

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
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3.	Net tangible assets per security	Current period	Previous corresponding period
	Net tangible assets backing per ordinary security	A\$1.03	A\$0.09

4. Control gain over entities having a material effect

During the reporting period, VCL has gained control over Polygoal Capital Limited and its subsidiaries (“PCL Group”).

Names of entities within PCL Group are:

- i) Polygoal Capital Limited;
- ii) Zhuhai Hongjie Enterprise Management Consulting Company Limited;
- iii) Shenzhen Xunda Investment Company Limited;
- iv) Jintan Hailin Rare Earth Company Limited.

The date of the gain of control is on 27 May 2016.

During the period, PCL Group contributed to VCL’s profit from ordinary activities by A\$34,000 while the profit of such entities during the whole of the previous corresponding period was around A\$919,000.

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Appendix 4D

Interim Financial Report For The Half-Year Ended 30 September 2016

5. Dividend

There was no dividend paid during the current period.

6. 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.

7. Details of associates and joint venture entities

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

Through acquisition of PCL Group, an associate was acquired on completion date. 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\$13,000 (Previous corresponding period: A\$23,000)
Contributions to net losses:	2% (Previous corresponding period: 6%)

8. 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 2016 and any public announcements made by 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

9. 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.

10. The Interim Financial Report of ViaGOLD Capital Limited for the half-year ended 30 September 2016 has been subject to review. A copy of the independent review report to the members of ViaGOLD Capital Limited is attached.

VIAGOLD CAPITAL LIMITED

DIRECTORS' REPORT

The Directors present their interim financial report together with the condensed consolidated financial statements of ViaGOLD Capital Limited (the "Company") and its controlled entities (collectively the "Group") for the half-year ended 30 September 2016.

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. Libin Sun

Non-executive directors:

Dr. Longguang Shi (Chairman)

Independent non-executive directors:

Mr. Ou Yang Cong
Mr. Yan Wang

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 CAPITAL LIMITED

CONSOLIDATED RESULTS AND REVIEW OF OPERATIONS

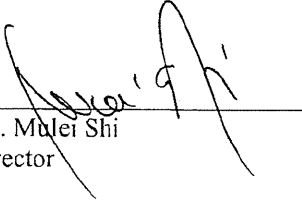
During the Review Period, the Group continued to engage in the management and consulting services in education as well as leasing and capital financing business and expanded its scope of business into the rare-earth refining and separation industry. Revenue for the six months period of A\$17,962,000, increased by over 45 times from the previous period (Period ended 30 September 2015: A\$393,000), and gross profit of A\$1,120,000, showing an increase of over 40 times compared to the prior period (Period ended 30 September 2015: A\$28,000).

During the six months period, both segments of management and consulting services in education and leasing and capital financing achieved revenue and profit with small deviation from same period last year, despite the appreciation of A\$ over RMB whereas the revenue and gross profit were all generated in RMB. The increases in the Group's revenue and gross profit were mainly attributed to the acquisition of 100% equity interest of Polygoal Capital Limited, which effectively expand its scope of businesses into the rare-earth refining and separation sector. During the review period, the Group recorded revenue of A\$17,578,000 from the sale of refined rare earth and generated a gross profit of A\$1,049,000 and a mild net profit before tax of A\$154,000 respectively.

The consolidated loss before income tax for the six months ended 30 September 2016 was approximately A\$522,000 (Period ended 30 September 2015: A\$372,000) which is mainly attributed to the A\$410,000 finance cost (Period ended 30 September 2015: A\$0). The Group has been conservative in its early deployment in its rare-earth refining and separation business, and believed there will be respectable returns when the development enters the harvest stage.

Looking forward, the Group will continually enhance all its principal businesses and will continue to seek good business opportunities to enhance the value of the shareholders of the Company.

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 and all the dedicated staff members of the VCL Group for their hard work and contribution during the period under review.



Ms. Mulei Shi
Director

30 November 2016

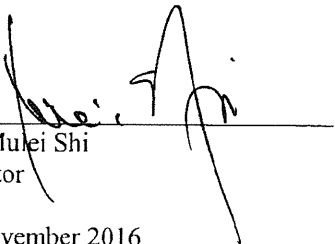
VIAGOLD CAPITAL LIMITED

DIRECTORS' DECLARATION

The Directors of the Company declare that, for the half-year ended 30 September 2016:

1. The attached financial statements and notes thereto as set out on pages 6 to 20:
 - (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 2016 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.



Ms. Mulei Shi
Director

30 November 2016

VIAGOLD CAPITAL LIMITED

CONDENSED CONSOLIDATED INCOME STATEMENT
FOR THE HALF-YEAR ENDED 30 SEPTEMBER 2016

	Note	Six months ended	
		30 September	
		<u>2016</u>	<u>2015</u>
		A\$'000	A\$'000
Turnover	4	17,962	393
Cost of services and sales		<u>(16,842)</u>	<u>(365)</u>
Gross profit		1,120	28
Other income		399	211
Administrative expenses		(1,271)	(517)
Other operating expenses		(335)	(94)
Share of loss of an associate		(25)	-
Finance costs		<u>(410)</u>	<u>-</u>
Loss before income tax		(522)	(372)
Income tax expenses	4	<u>(120)</u>	<u>-</u>
Loss for the period		<u>(642)</u>	<u>(372)</u>
Attributable to:			
Equity holders of the Company		(770)	(403)
Non-controlling interests		128	31
		<u>(642)</u>	<u>(372)</u>
Loss per share attributable to the equity holders of the Company			
-basic		<u>A\$(0.021)</u>	<u>A\$(0.013)</u>
-diluted		<u>A\$(0.021)</u>	<u>A\$(0.013)</u>

The notes on pages 11 to 20 form an integral part of this condensed consolidated interim financial report.

VIAGOLD CAPITAL LIMITED

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE HALF-YEAR ENDED 30 SEPTEMBER 2016

	Six months ended 30 September	
	<u>2016</u> A\$'000	<u>2015</u> A\$'000
Loss for the period	(642)	(372)
Other comprehensive (loss)/income, net of tax:		
Items that may be reclassified subsequently to profit or loss		
Exchange differences on translation of financial statements of overseas subsidiaries	(3,956)	87
Share of exchange differences of an associate	(50)	-
Total comprehensive loss for the period	<u>(4,648)</u>	<u>(285)</u>
Attributable to:		
Equity holders of the Company	(1,671)	(290)
Non-controlling interests	(2,977)	5
	<u>(4,648)</u>	<u>(285)</u>

The notes on pages 11 to 20 form an integral part of this condensed consolidated interim financial report.

VIAGOLD CAPITAL LIMITED

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2016

		As at 30 September 2016 A\$'000	As at 31 March 2016 A\$'000
ASSETS	<u>Note</u>		
Non-current assets			
Fixed assets			
- Investment property	5	554	599
- property, plant and equipment	5	9,119	896
Intangible assets	7	4,222	-
Interests in an associate		475	-
Goodwill	8	2,781	-
Available-for-sale financial assets	9	1,664	-
		18,815	1,495
Current assets			
Inventories	10	70,646	-
Trade and other receivables and prepayments	11	16,629	230
Pledged bank deposits	12	275	-
Cash and cash equivalents		919	1,109
		88,469	1,339
Total assets		107,284	2,834
EQUITY			
Capital and reserves attributable to the owners of the Company			
Share capital	13	8,031	6,231
Reserves		7,295	(5,164)
		15,326	1,067
Non-controlling interests		33,141	510
Total equity		48,467	1,577
LIABILITIES			
Non-current liabilities			
Deferred tax liabilities	14	11,759	-
Current liabilities			
Borrowings	15	14,562	-
Trade and other payables	16	32,424	1,257
Tax payable		72	-
		47,058	1,257
Total equity and liabilities		107,284	2,834

The notes on pages 11 to 20 form an integral part of this condensed consolidated interim financial report.

VIAGOLD CAPITAL LIMITED

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF-YEAR ENDED 30 SEPTEMBER 2016**

	Attributable to equity holders of the Company									
	Reserves					Share-based compensation reserve				
	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	Accumulated losses A\$'000	Total A\$'000	Non-controlling interests A\$'000	Total equity A\$'000
As at April 1, 2015	6,131	29,020	(28,311)	47,645	915	7,221	(61,223)	1,398	526	1,924
Total comprehensive income/(loss)	-	-	113	-	-	-	(403)	(290)	5	(285)
As at 30 September 2015	6,131	29,020	(28,198)	47,645	915	7,221	(61,626)	1,108	531	1,639
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	Accumulated losses A\$'000	Total A\$'000	Non-controlling interests A\$'000	Total equity A\$'000
As at April 1, 2016	6,231	29,315	(28,348)	47,645	1,440	2,949	(58,165)	1,067	510	1,577
Total comprehensive loss	-	-	(901)	-	-	-	(770)	(1,671)	(2,977)	(4,648)
Transactions with owners in their Capacity	6,231	29,315	(29,249)	47,645	1,440	2,949	(58,935)	(604)	(2,467)	(3,071)
- issuance by new shares	1,800	14,130	-	-	-	-	-	15,930	-	15,930
- increase in non-controlling interests as a result of acquisition	-	-	-	-	-	-	-	-	35,608	35,608
As at 30 September 2016	8,031	43,445	(29,249)	47,645	1,440	2,949	(58,935)	15,045	33,141	48,467

The notes on pages 11 to 20 form an integral part of this condensed consolidated interim financial report.

VIAGOLD CAPITAL LIMITED

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE HALF-YEAR ENDED 30 SEPTEMBER 2016

	Six months ended 30 September	
	2016 A\$'000	2015 A\$'000
Net cash from operating activities	6,179	165
Net cash (used in) / from investing activities	(1,051)	18
Net cash used in financing activities	(2,016)	(2)
Net increase in cash and cash equivalents	3,112	181
Cash and cash equivalents at the beginning of the period	1,109	271
Exchange losses on cash and cash equivalents	(3,302)	(21)
Cash and cash equivalents at the end of the period	919	431

The notes on pages 11 to 20 form an integral part of this condensed consolidated interim financial report.

1. GENERAL INFORMATION

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 Unit 2/36 Winfield Road, Balwyn North, Victoria 3104, 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 2016 has been prepared in accordance with International Accounting Standard (“IAS”) 34 "Interim Financial Reporting". 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 2016 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 2016, except for the accounting policy changes that are expected to be reflected in the annual financial report for the year ending 31 March 2017.

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 2016. 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 CHENG & CHENG LIMITED (“C&C”) in accordance with International Standard on Review Engagements 2410, “Review of Interim Financial Information Performed by the Independent Auditor of the Entity”. C&C’s independent review report to the members of the Company is included on page 21.

3. ACCOUNTING POLICIES

International Accounting Standard Board (“IASB”) has issued new and revised IFRSs and a number of amendments to IFRSs that are first effective for the current accounting period of the Group.

In the current interim period, the Group has applied, for the first time, the new or revised IFRSs and amendments issued by the IASB, which are effective for the Group’s current financial year beginning on 1 April 2016. The adoption of the new and revised IFRSs and amendments does not have any significant impact on the Group interim financial report.

3. ACCOUNTING POLICIES (continued)

Up to the date of issue of this unaudited condensed consolidated interim financial report, the IASB has issued a number of amendments, new standards and interpretation which are not yet effective for the year ending 31 March 2016 and which have not been adopted in this interim financial report.

The Group is in the process of making an assessment of what the impact of these amendments, revised standards and new interpretation is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the Group's results of operations and financial position.

4. 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.

- Investment holdings and administration
- rare earth refining and separation
- Trading of minerals
- Leasing and capital financing
- Provision of consultancy and management services to educational institutions

The management manages the Group's businesses both by geographical and by business segments. Geographically, the Group's businesses are divided into Hong Kong, Macau and the People's Republic of China (the "PRC"). The main business in Hong Kong and Macau 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.

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.

Segment assets include all tangible, intangible assets and current assets excluding the interests in subsidiaries, inter-group current accounts.

VIAGOLD CAPITAL LIMITED

NOTES TO THE INTERIM FINANCIAL REPORT
FOR THE HALF -YEAR ENDED 30 SEPTEMBER 2016

4. SEGMENT REPORTING (continued)

The segment information for the reporting segments for the half-year ended 30 September 2016 is as follows:

	HK and Macau	HK	PRC	PRC	PRC	PRC	Consolidated A\$'000
	Investment Holdings And Administration A\$'000	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		
Revenue from external customers	-	-	226	158	17,578		17,962
Inter-segment revenue	-	-	-	-	-		-
Reportable segment revenue	-	-	226	158	17,578		17,962
Reportable segment gross profit	-	-	63	8	1,049		1,120
Reportable segment profit / (loss) before income tax	(421)	(10)	(75)	(170)	154		(522)
Income tax expenses							(120)
Loss for the period							(642)
As at 30 September 2016							
Reportable segment assets	1,061	86	2,057	463	103,617		107,284
Reportable segment liabilities	(1,373)	(7)	(135)	(924)	(56,378)		(58,817)

VIAGOLD CAPITAL LIMITED

NOTES TO THE INTERIM FINANCIAL REPORT
FOR THE HALF -YEAR ENDED 30 SEPTEMBER 2016

4. SEGMENT REPORTING (continued)

The segment information for the reporting segments for the half-year ended 30 September 2015 is as follows:

	HK and Macau	HK	PRC	PRC	Consolidated A\$'000
	Investment holdings and administration A\$'000	Trading of minerals A\$'000	Leasing and capital financing A\$'000	Provision of consultancy and Management services to educational institutions	
Revenue from external customers	-	-	236	157	393
Inter-segment revenue	-	-	-	-	-
Reportable segment revenue	-	-	236	157	393
Reportable segment gross profit	-	-	13	15	28
Reportable segment profit / (loss) before income tax	(242)	(10)	102	(222)	(372)
Income tax expenses					-
Loss for the period					(372)
As at 30 September 2015					
Reportable segment assets	9	4	2,457	213	2,683
Reportable segment liabilities	(598)	-	(102)	(344)	(1,044)

VIAGOLD CAPITAL LIMITED

NOTES TO THE INTERIM FINANCIAL REPORT
FOR THE HALF -YEAR ENDED 30 SEPTEMBER 2016

5. FIXED ASSETS

	Furniture and equipment	Motor vehicles	Plant and machinery	Leasehold improvement	Land and Building	Sub-Total	Investment property (IP)	Total
	A\$'000	A\$'000	A\$'000	A\$'000	A\$'000	A\$'000	A\$'000	A\$'000
Cost								
B/F	4	1,183	-	122	-	1,309	800	2,109
Acquisition of subsidiaries	83	603	2,885	1,688	3,809	9,068	-	9,068
Additions	2	44	249	361	-	656	-	656
Disposal	(1)	(24)	(10)	-	-	(35)	-	(35)
Exchange realignment	(12)	(77)	(326)	(171)	(357)	(943)	(28)	(971)
C/F	76	1,729	2,798	2,000	3,452	10,055	772	10,827
Accumulated Depreciation								
B/F	(1)	(400)	-	(12)	-	(413)	(201)	(614)
Charge for the period	(16)	(123)	(253)	(61)	(106)	(559)	(24)	(583)
Disposal and written-off	1	24	5	-	-	30	-	30
Exchange realignment	1	2	1	1	1	6	7	13
C/F	(15)	(497)	(247)	(72)	(105)	(936)	(218)	(1,154)
Carrying Amount c/f	61	1,232	2,551	1,928	3,347	9,119	554	9,673
Carrying Amount b/f	3	783	-	110	-	896	599	1,495

There are a portion of the motor vehicles are leased by the Group to third parties under operating leases.

NOTES TO THE INTERIM FINANCIAL REPORT
FOR THE HALF -YEAR ENDED 30 SEPTEMBER 2016**6. 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.

7. INTANGIBLE ASSET

	<u>Land use rights</u> A\$'000
<u>Cost</u>	
At 1 April 2016	-
Acquisition of subsidiaries	4,694
Exchange realignment	(423)
At 30 September 2016	<u>4,271</u>
<u>Deduct: Accumulated amortization and impairment losses</u>	
At 1 April 2016	
Charged for the period	(50)
Exchange realignment	1
As at 30 September 2016	<u>(49)</u>
<u>Net book values</u>	
At 30 September 2016	<u>4,222</u>
At 1 April 2016	<u>-</u>

8. GOODWILL

	As at 30 September 2016 A\$'000	As at 31 March 2016 A\$'000
At 1 April 2016	-	-
Arising from acquisition of subsidiaries	2,939	-
Exchange realignment	(158)	-
At 30 September 2016	<u>2,781</u>	<u>-</u>

Goodwill is allocated to the cash-generating units that are expected to benefit from the business combination. The carrying amount of goodwill had been allocated to the segment, rare earth refining and separation.

VIAGOLD CAPITAL LIMITED

NOTES TO THE INTERIM FINANCIAL REPORT
FOR THE HALF -YEAR ENDED 30 SEPTEMBER 2016

9. AVAILABLE-FOR-SALES FINANCIAL ASSETS

	As at 30 September <u>2016</u> A\$'000	As at 31 March <u>2016</u> A\$'000
Available-for-sales financial assets		
- unlisted equity shares	1,664	-

Available-for-sales financial assets represents 2,989,917 ordinary shares in Jiangsu Jiangnan Rural Commercial Bank Co., Ltd.

The assets are accounted for at cost less accumulated impairment losses as the range of reasonable fair value estimated is so significant that the management of the opinion that their fair values cannot be reliably measured.

10. INVENTORIES

	As at 30 September <u>2016</u> A\$'000	As at 31 March <u>2016</u> A\$'000
<u>Inventories in the statement of financial position</u>		
Raw materials	19,942	-
Work-in-progress	40,433	-
Finished goods	10,271	-
	<u>70,646</u>	<u>-</u>

11. TRADE AND OTHER RECEIVABLES AND PREPAYMENTS

	As at 30 September <u>2016</u> A\$'000	As at 31 March <u>2016</u> A\$'000
Trade receivables, net of allowance for bad and doubtful debts	984	26
Amounts due from related companies	4,780	7
Other receivables, deposit and prepayments	10,865	197
	<u>16,629</u>	<u>230</u>

12. PLEDGED BANK DEPOSITS

As at 30 September 2016, the Group pledged approximately A\$275,000 bank deposits (31 March 2016: nil), which is denominated in RMB, to bankers of the Group to secure the bill payables due within six month. The pledged bank deposits will be released upon the settlement of relevant bill payables.

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VIAGOLD CAPITAL LIMITED

NOTES TO THE INTERIM FINANCIAL REPORT
FOR THE HALF -YEAR ENDED 30 SEPTEMBER 2016

13. SHARE CAPITAL

<u>Issued and fully paid</u>	Number of <u>Shares</u> in thousands	Ordinary <u>shares</u> A\$'000
As at 31 March 2016	31,156	6,231
Issuance of new shares for acquisition of subsidiaries (<i>note 19</i>)	9,000	1,800
As at 30 September 2016	<u>40,156</u>	<u>8,031</u>

14. DEFERRED TAX LIABILITIES

The following are the major deferred income tax liabilities recognized and movements thereon during the current and prior periods:

	Fair value adjustments on acquisition of subsidiaries A\$'000	Stock surplus A\$'000	Total A\$'000
As at 31 March 2016	-	-	-
Arising from acquisition of subsidiaries	7,108	5,483	12,591
Exchange realignment	(469)	(363)	(832)
As at 30 September 2016	<u>6,639</u>	<u>5,120</u>	<u>11,759</u>

15. BORROWINGS

	As at 30 September <u>2016</u> A\$'000	As at 31 March <u>2016</u> A\$'000
Bank borrowings:		
Secured	11,634	-
Unsecured	2,928	-
	<u>14,562</u>	<u>-</u>

The bank borrowings are repayable within 1 year.

Movements in borrowings are analyzed as follows:

	As at 30 September <u>2016</u> A\$'000	As at 31 March <u>2016</u> A\$'000
Acquisition of subsidiaries	18,234	-
Additions during the period	14,562	-
Repayments of borrowings	(16,592)	-
Exchange realignment	(1,642)	-
Closing amount	<u>14,562</u>	<u>-</u>

The interest rates of the borrowings are ranging from 6.90% per annum during the period (As at 31 March 2016: Nil).

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16. TRADE AND OTHER PAYABLES

	As at 30 September <u>2016</u> A\$'000	As at 31 March <u>2016</u> A\$'000
Trade payables	7,692	-
Amount due to related companies	2,157	-
Amount due to key management personnel	11,242	250
Other payables and accrued charges	<u>11,333</u>	<u>1,007</u>
	<u>32,424</u>	<u>1,257</u>

17. MATERIAL RELATED PARTY TRANSACTIONS

		Six months ended 30 September	
		<u>2016</u> A\$'000	<u>2015</u> A\$'000
<u>Related party</u>	<u>Nature of transactions</u>		
Related companies	Consultancy and management services income	158	157
	Trade receivables	331	224
	Amounts due from related companies	4,780	7
	Amounts due to related companies	(2,157)	-
	Amounts due to key management personnel	(11,242)	(250)
Directors of the Company	Key management compensation	<u>152</u>	<u>83</u>

18. DIVIDEND

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

19. ACQUISITION OF SUBSIDIARIES

During the six months ended 30 September 2016, the Group acquired 51% equity interest in Polygoal Capital Limited which indirectly hold a 60% equity interest in Jintan Hailin Rare Earth Co., Ltd. for a consideration of approximately A\$15.93 million by issuance of 9,000,000 shares of the Company.

Summary of net assets acquired in the transactions, and the goodwill arising, are as follows:

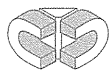
	As at 27 May 2016 Fair value A\$'000
Net assets acquired:	
Property, plant and equipment	9,068
Intangible assets	4,694
Interests in an associate	550
Inventories	72,931
Trade and other receivables and prepayments	19,113
Pledged bank deposits	1,931
Cash and cash equivalents	1,025
Borrowings	(18,234)
Trade and other payables	(29,832)
Tax payables	(56)
Deferred tax liabilities	(12,591)
Net assets	<u>48,599</u>
Non-controlling interests	(35,608)
Goodwill	2,939
Total consideration	<u><u>15,930</u></u>

The goodwill mainly arising on the acquisition of these companies is attributable to the benefit of expected revenue growth and future market development, the PRC and the synergies in consolidating the Group's rare earth refining and separation segment. These benefits are not recognized separately from goodwill as the future economic benefits arising from them cannot be reliably measured.

Included in the revenue and profit for the period are approximately A\$17.6 million and A\$34,000 respectively attributable to the additional business generated by newly acquired rare earth refining and separation companies.

The fair value of the trade and other receivables acquired with a fair value of A\$8.4 million. The gross amount due under the contracts is A\$8.4 million and is expected to be collectible. The amount of prepayment is A\$10.8 million.

The non-controlling interests is measured by its proportionate share of the acquiree's identifiable net assets.



REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION TO THE BOARD OF DIRECTORS OF VIAGOLD CAPITAL LIMITED

Introduction

We have reviewed the interim condensed consolidated financial information set out on pages 6 to 20 which comprises the condensed consolidated statement of financial position of ViaGOLD Capital Limited (the "Company") and its subsidiaries (together, the "Group") as of 30 September 2016 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.

CHENG & CHENG LIMITED
Certified Public Accountants (Practising)

Hong Kong, 30 November 2016

Chan Shek Chi
Practising Certificate Number P05540