

This is an important document and requires your attention. If you are in doubt how to deal with it, please consult your financial or other professional adviser.

Explanatory statement and Notice of general meeting

ViaGold Capital Limited ARBN 070 352 500

Date: 29 April 2016
Time: 3.00pm (Macau time)
Location: Av. Xian Xing Hai, Ed. Zhu Kuan (Golden
Dragon Centre) 6J-K, Macau

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Letter to the Shareholders

Dear Shareholder

Enclosed with this letter are documents setting out details of the proposal for ViaGold Capital Limited (**ViaGold** or **Company**) to acquire all of the issued shares of Polygoal Capital Limited (**Polygoal**) from Mr Zhou Hailin and Liao Changyuan (Vendors).

A meeting of the Company's shareholders has been called for 29 April 2016 to approve the proposal.

You are urged to consider carefully all of this material, determine how you wish to vote and cast your vote accordingly.

Proposal

The Company has entered into an agreement to acquire a 51% interest in Shenzhen Xunda Investment Co., Ltd (**SXIC**) for the sum of A\$18.0 million. Subject to the receipt of all necessary regulatory and shareholder approvals, the Company will undertake the acquisition by acquiring all of the issued capital of Polygoal, which entity indirectly holds a controlling 51% interest in the issued capital of SXIC.

SXIC holds interests in Jintan Hailin Rare Earth Co. Ltd (a 60% economic interest) (**JHRE**) and Maoming Jinsheng Minerals Co. Ltd (a 50% equity interest) (**MJSM**). JHRE is a large, privately owned business involved in the refining and separation of rare earth elements and MJSM is principally involved in zirconium and titanium beneficiation, further processing and the recycling of rare earth elements from monazite.

The purchase price to be paid for the shares in Polygoal will be satisfied by the issue by the Company of 9.0 million ordinary shares (at an effective issue price of A\$2.00 per share) to the Vendors.

Benefits of the Proposal

Your independent Directors, Mr. Leung King Choi, Mr. Wang Yan and Mr. OuYang Cong, believe the proposal will benefit the Company and its Shareholders because:

- JHRE and MJSM are both operating entities, with a history of profitability;
- both JHRE and MJSM have experienced management teams;
- the cash flows from the businesses, particularly JHRE, are expected to be sufficient to fund the further development of the two businesses; and
- the acquisitions are an ideal opportunity for the Company to expand its investment portfolio into mining and resources and, importantly, into the rare earth sector which is continuing to perform strongly.

Independent report

Your independent Directors have appointed Mr Gabriel Shek Chi Chan, a director of Cheng & Cheng Limited, a Certified Public Accountancy firm in Hong Kong, to report on whether the proposal is fair and reasonable to ViaGold's Shareholders (except those Shareholders precluded from voting at the meeting).

On the basis of the matters discussed in its report, Mr Chan has formed the opinion that the proposal is fair and reasonable to eligible (non-associated) Shareholders.

Recommendation

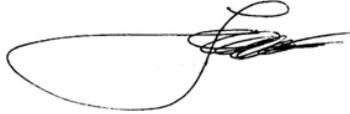
Your independent Directors (i.e. the Directors who are not associated in any way with the Vendors, Polygoal Capital Limited or any entity in which either it or the Vendors have a material investment (direct

or indirect)) recommend the proposal and encourage eligible (non-associated) Shareholders to vote in favour of the resolution set out in the accompanying notice of meeting.

If you cannot attend the general meeting, you are strongly urged to complete the proxy form and return it (see proxy form for details) as soon as possible and in any event by no later than 3.00pm on 27 April 2016.

Yours sincerely

ViaGold Capital Limited

A handwritten signature in black ink, appearing to read 'Peter King Choi LEUNG', written over a large, faint, oval-shaped watermark or background mark.

Peter King Choi LEUNG
Company Secretary

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Explanatory statement

1. Important Notice

The general meeting referred to in the accompanying notice of meeting is being held so ViaGold's Shareholders can consider the resolution set out in the notice of meeting in accordance with Listing Rules 10.1 and 10.11 of ASX Limited (**ASX**). If the resolution is approved, the Company will be authorised to proceed with the proposal contemplated in this explanatory statement without contravening the ASX Listing Rules.

This explanatory statement contains an explanation of, and information about, the proposal to be considered at the general meeting. It is given to the Company's Shareholders to help them determine how to vote on the resolution set out in the accompanying notice of meeting.

Shareholders should read this explanatory statement in full because individual sections do not give a comprehensive review of the proposal contemplated in this explanatory statement. This explanatory statement forms part of the accompanying notice of meeting and should be read with the notice of meeting.

If you are in doubt about what to do in relation to the proposal, you should consult your financial or other adviser.

2. Summary of the proposal

In summary, it is proposed that the Company will acquire a 51% interest in Shenzhen Xunda Investment Co., Ltd (**SXIC**) for the sum of A\$18.0 million. Subject to the receipt of all necessary regulatory and shareholder approvals, the Company will undertake the acquisition by acquiring all of the issued capital of Polygoal Capital Limited (**Polygoal**), which entity indirectly holds a controlling 51% interest in the issued capital of SXIC.

SXIC holds interests in Jintan Hailin Rare Earth Co. Ltd (a 60% economic interest) (**JHRE**) and Maoming Jinsheng Minerals Co. Ltd (a 50% equity interest) (**MJSM**). JHRE is a privately owned business involved in the refining and separation of rare earth elements and MJSM is principally involved in zirconium and titanium beneficiation, further processing and the recycling of rare earth elements from monazite.

The purchase price to be paid on the acquisition of all the issued shares in Polygoal will be satisfied by the issue by the Company of 9,000,000 Shares (at an effective issue price of A\$2.00 per Share) to the Vendors.

3. Background and reasons for the proposal

Polygoal is a company incorporated in the British Virgin Islands and is wholly owned by the Vendors (Mr Zhou Hailin (80%) and Mr. Liao Changyuan (20%), both of whom are residents of PRC).

Polygoal has an authorised share capital of US\$50,000 divided into 50,000 shares of US\$1.00 each, of which 10 shares have been issued, are fully paid up and are held legally and beneficially by the Vendors.

Polygoal controls the following entities directly or indirectly:

- (a) Zhuhai Hongjie Enterprise Management Consulting Co., Ltd. (**Hongjie**) - Polygoal holds 100% equity interest in Hongjie.

- (b) SXIC - Hongjie holds a 51% equity interest, and is the controlling shareholder of SXIC.
- (c) JHRE – while SXIC holds a 60% economic interest only in JHRE, through a series of agreements permitted under the PRC laws, it has 100% control of JHRE.
- (d) MJSM – SXIC holds a 50% equity interest in MJSM.

As a result of the above, through its controlling interest (51%) in SXIC, Polygoal indirectly holds controlling and significant economic interests in JHRE (60%) and MJSM (50%).

The Vendors have agreed to sell and the Company has agreed to purchase all of the shares held by the Vendors in Polygoal for A\$18.0 million, which amount is to be satisfied by the issue to the Vendors of 9.0 million ordinary Shares in the Company (at an effective issue price of A\$2.00 per Share).

JHRE was established in September 2001. After more than a decade of development, it is now one of the largest privately owned enterprises engaged in refining and smelting of rare earth elements in China. Currently, its annual smelting and separation capacity of its yttrium and europium mine has reached 3,500 tons, with the core products being terbium oxide and europium oxide. It operates to international standard in terms of its quality control systems, environmental quality management, occupational health and safety management and safety systems. It is one of the top 20 enterprises of Jintan, which is in Jiangsu Province, China.

JHRE is also developing a project in lanthanum silicate. The major product is lanthanum silicate crystal which has excellent thermal, optical and piezoelectric properties and can replace quartz crystal materials. Lanthanum silicate crystal has broad market applications.

JHRE has an excellent operations team and over 15 years experience in the mining and separation of rare earths. It is profitable, and the Company intends to use JHRE's cash flow and capital surplus in future to further develop the businesses of both JHRE and MJSM. The Company does not expect to need additional external financing for development purposes.

MJSM is a joint venture with Guangdong Rising Nonferrous Metals Share Company Limited (**GRNM**). It is principally engaged in zirconium and titanium beneficiation, further processing, and recycling of rare earths from monazite. At present, it is developing a 5,000 tonnes per annum rare earths recycling project in Xinyi City in Guangdong Province. MJSM is the only entity which possesses a rare earths recycling licence in Guangdong Province. Its main products include praseodymium neodymium oxide, terbium dysprosium oxide and rare earth enriched slag.

Once acquired, the intention of the Company is that JHRE and MJSM will:

- continue their present activities;
- further develop MJSM's 5,000 tonne per annum rare earth recycling project; and
- expand their exploration programs for rare earth resources in and around Xinyi City in Guangdong Province.

Under the Acquisition Agreement:

- while the Company will be entitled to control Polygoal's activities (and has the right to nominate two directors of Polygoal), it is intended that its nominees to the Polygoal board will work with the existing directors to expand the present activities of JHRE and MJSM;
- the Vendors have warranted profits of not less than RMB27.0 million flowing to Polygoal from its interests in JHRE and MJSM in the two years following the acquisition. If dividends of less than RMB 27.0 million are distributed to Polygoal over that two year period, the Vendors must pay the balance to the Company; and

- the Vendors have agreed to indemnify the Company in respect of all liabilities suffered or incurred by the Company as a result or in connection with any tax(es) chargeable against and/or payable by Polygoal prior to the completion of the Acquisition.

The Company believes the acquisition of Polygoal (with its interests in JHRE and MJSM) is an exciting opportunity. It will introduce the Company into the rare earth mining and processing sector, expand and enrich its management / operational team, increase the quality of the Company's assets and overall investments, improve the Company's financial performance and provide a basis for future returns to the Shareholders.

Conditions precedent

The sale of the Polygoal shares is conditional on:

- (a) the Vendors' representations, warranties and undertakings contained in the Acquisition Agreement remaining true, complete and accurate;
- (b) satisfactory completion by the Company of its legal and financial due diligence on Polygoal and its interests in JHRE and MJSM;
- (c) the Company being satisfied that the value of the shares in Polygoal to be acquired under the Acquisition Agreement exceeds the value of the purchase consideration (namely the value of the 9.0 million Shares to be issued to the Vendors); and
- (d) the Company and the Vendors obtaining all necessary approvals, licenses and third party consents to complete the Agreement.

The conditions, other than condition (d) above, have been satisfied. Condition (d) will be satisfied if the Company's Shareholders approve the resolution set out in the Notice. If the resolution is not approved, the Acquisition Agreement will not have any effect and the sale of the shares in Polygoal to the Company will not proceed.

Completion

If the remaining condition precedent to completion under the Acquisition Agreement is fulfilled, the Company expects its purchase of the shares in Polygoal will be completed immediately following the date of the Meeting (i.e. on or about 3 May 2016).

4. Effects of the proposal

As indicated above, the acquisition of Polygoal (with its interests in JHRE and MJSM) will take the Company into the rare earth mining and processing sector. The financial impact on the Company will be significant.

Given the Acquisition will not be completed until early May 2016 (assuming the resolution is approved by the Shareholders at the Meeting), the Acquisition will not give rise to any financial impact on the Company in the financial year ended 31 March 2016. However, in future financial years, as the consolidated financial statements of the Company will include the financial position and performance of Polygoal and its controlled entities (**PCL Group**), it is expected that the Acquisition will lead to a material improvement in the Company's financial performance (profit and loss) and strengthen its financial position (balance sheet).

Relevantly, in the current financial year (FY17), it is expected that JHRE (which is the most significant financial contributor to the PCL Group) will contribute substantially to the revenues of Viagold Group and, if the recent trend in net profits of the PCL Group (from RMB4.3 million in 2014 to RMB9.2 million in 2015) is maintained, the Company (on a consolidated basis) will be profitable in FY17 (compared to being loss making in FY15 and FY16).

Equally significantly, consequent on completion of the Acquisition, the net assets of the Company will increase significantly (to A\$54.83 million). Importantly, if non-controlling interests are excluded, the net assets are expected to increase by approximately A\$18 million to A\$19.108 million. To illustrate the impact of the Acquisition, the Company has attached (as Annexure A) a pro forma statement of financial position of the Company as if the Acquisition had been completed as at 31 December 2015. The position illustrated by the pro forma statement of financial position of the Company in Annexure A is to be contrasted to the financial information provided in respect of the Company in section 8.2 of the Independent expert's Report.

The other companies in the PCL Group (Hongjie, SXIC, MJSM and Polygoal) to be acquired are not expected to have material impact on the financial position or financial performance of the Company in FY17.

From the standpoint of the Board and the Shareholders, on completion of the Acquisition, the 9,000,000 Shares to be issued to the Vendors will be split between the Vendors - 7,200,000 Shares will be issued to Mr. Zhou Hailin and 1,800,000 Shares will be issued to Mr. Liao Changyuan respectively. The Vendors will then hold 17.93% and 4.48% respectively of the enlarged capital base of the Company. Mr. Zhou Hailin will become the third largest shareholder.

It is not presently proposed that either of the Vendors will be appointed to the Board following completion of the Acquisition.

In regard to the existing operations and investments of the Company, it is not expected that completion of the Acquisition will have any material impact on those activities (which will be continued). However, the Board is confident that, with the increased financial and management resources likely to be available to it after the Acquisition, it will be able to expand the existing businesses and improve the financial performance of those businesses.

5. Advantages and disadvantages of the proposal

Advantages

In the opinion of the Company, completing the Acquisition provide material advantages to the Company and its Shareholders. These advantages include:

- the Acquisition will remove, at least partially, the restraints imposed on the Company as a result of its very limited capital resources and its lack of income producing assets;
- an increase in the market capitalisation of the Company and in the liquidity of trading of the Shares on ASX;
- a lower risk means to access a new investment sector – the mining and processing of rare earths – which sector continues to perform reasonably well despite the worldwide downturn in resource and commodity prices;
- JHRE and MJSM are both operating entities and, in the case of JHRE, it has a history of profitability. As such, the Company expects to be in a significantly improved financial position moving forward;
- both JHRE and MJSM have experienced management teams which, in addition to continuing to manage the business activities and operations of JHRE and MJSM, will add generally to the size and depth of the management resources available to the Company;
- the cash flows from the businesses, particularly from JHRE in the shorter term, are expected to be sufficient to fund the further development of the two businesses; and

- the acquisitions are an ideal opportunity for the Company to expand its investment portfolio into mining and resources and, importantly, into the rare earth sector which is continuing to perform strongly.

Disadvantages

In the opinion of the Company, completing the Acquisition may disadvantage the Company and its Shareholders in the following ways:

- the current Shareholders voting interest in the Company will decrease by 22.41% from 100% to 77.59% as a result of the Transaction;
- completing the Acquisition may preclude or limit the ability of the Company to take advantage of other opportunities to improve the financial performance, or increase the value, of the Company; and
- the issue of Shares to the Vendors will give rise to two new significant investors / shareholders in the Company, which may in the future impact on control of the Company.

6. Legal and regulatory requirements

- 6.1 For the reasons set out below, both the Acquisition and the issue of the Shares to the Vendors (on completion of the Acquisition), require approval under the ASX Listing Rules by the Shareholders in general meeting. Sub-paragraph (a) of the Resolution relates to approval of the Acquisition under ASX Listing Rule 10.1. Sub-paragraph (b) of the Resolution relates to approval of the issue of the Shares to the Vendors under ASX Listing Rule 10.11. As the Acquisition and the issue of the Shares to the Vendor are integrally connected, it is intended to put the Resolution (comprising sub-paragraphs (a) and (b)) as one resolution. In practical terms, either the Resolution is approved (in which case completion of the Acquisition and issue of the Shares will occur shortly thereafter) or the Resolution is not approved, in which case neither the Acquisition nor the issue of the Shares will take place.
- 6.2 Under ASX Listing Rule 10.1 a listed company (or any of its child entities) must not acquire a substantial asset from, or dispose of a substantial asset to, specified persons or companies without the approval of shareholders at a general meeting.
- 6.3 An asset is treated as a substantial asset if its value or the value of the consideration for it, is 5% or more of the listed company's equity interests as set out in the latest financial statements given to ASX. A listed company's equity interests are the sum of paid up capital, reserves, and accumulated profits or losses, disregarding redeemable preference share capital and outside equity interests.
- 6.4 The specified persons or companies to whom Listing Rule 10.1 applies include:
- (a) a related party to the listed company;
 - (b) a subsidiary of the listed company;
 - (c) a substantial holder in the listed company who either alone or together with its associates has a relevant interest, or had a relevant interest at any time in the six months before the transaction, or at least 10% of the total votes attached to the listed company's voting securities;
 - (d) an associate of a person or company referred to in paragraphs (a), (b) or (c); or
 - (e) a person or company whose relationship with the listed company or a person or company referred to in paragraphs (a) to (d) is such that, in ASX's opinion, the transaction should be approved by the shareholders.

- 6.5 If the Acquisition is approved, the implied value of the consideration to be paid for the Polygoal shares exceeds 5% of the Company's equity interests.
- 6.6 The Vendors (Zhou Hailin and Liao Changyuan) are persons whose relationship with the Company is such that, in the ASX's opinion, the transaction should be approved by the Shareholders for the purposes of Listing Rule 10.1. One of the Vendors is related (by marriage) to two of the Company's Directors and, separately, a senior executive of the Company, Mr Sun Libin, is also a director of MJSM .
- 6.7 Accordingly, the Company's independent Directors have convened the meeting to comply with Listing Rule 10.1.

7. Independent expert's report

- 7.1 Under ASX Listing Rule 10.1, the Company's Shareholders must be given an independent report by an independent expert. The report must state whether the proposal is fair and reasonable to the Company's Shareholders (except those who are precluded from voting at the meeting).
- 7.2 What is fair and reasonable must be judged by the independent expert in all the circumstances of the proposal. This requires taking into account the likely advantages to the Shareholders if the proposal is approved and comparing them with the disadvantages to them if the proposal is not approved.
- 7.3 The independent Directors appointed Mr Gabriel Shek Chi Chan, a director of Cheng & Cheng Limited, a Certified Public Accountancy firm in Hong Kong, for this purpose. The independent Directors are satisfied that:
- (a) Mr Chan has the expertise and valuation experience to carry out the task; and
 - (b) there is no relationship between Mr Chan (or any other director of Cheng & Cheng) and the Company, its subsidiaries, its Directors or other officers that would preclude the appointment of Mr Chan on grounds that he is not independent (within ASIC Regulatory Guide 112).

For completeness, the only relationship between the Company and Cheng & Cheng is that the firm has acted as the auditor of the Company for the last three years. It does not otherwise provide any substantive other services to the Company.

- 7.4 On the basis the matters discussed its report, Mr Chan has formed the opinion that the proposal is fair and reasonable to the Company's Shareholders (except those who are precluded from voting at the meeting).
- 7.5 Shareholders should read the independent expert report in full. The report accompanies this explanatory statement.

8. Other approvals

- 8.1 In addition to needing to comply with Listing Rule 10.1, the Company will also need to comply with Listing Rule 10.11 in respect of the issue of the Shares to the Vendors.
- 8.2 Under ASX Listing Rule 10.11, a listed company must obtain the approval of its shareholders before it can issue securities to a related party or to a person or company whose relationship with the listed company or a related person (of the listed company) is such that, in ASX's opinion, the issue of the securities ought to be approved by the shareholders.
- 8.3 As detailed in paragraph 6.6 above, there is an existing relationship (by marriage) between one of the Vendors and two Directors of the Company and, separately, a senior executive of the

Company, Mr Sun Libin, is also a director of MJSM. As such, the Company has decided the Acquisition should be approved by the Shareholders for the purposes of Listing Rule 10.1 (as detailed in sections 6 and 7 above) and the issue of the Shares to the Vendors (Zhou Hailin and Liao Changyuan) should be approved by the Shareholders under Listing Rule 10.11.

- 8.4 If the Acquisition proceeds and the Company issues its Shares to the Vendors, as proposed under the Acquisition Agreement, the Company will exceed the 15% limit of securities it may issue without the approval of its Shareholders under Listing Rule 7.1. As such, in addition to approval under Listing Rule 10.11, approval would ordinarily also be required under Listing Rule 7.1. However, Exception 14 under Listing Rule 7.2 expressly provides that approval of the issue of the Shares to the Vendors is not required under Listing Rule 7.1 if approval of that issue by the Shareholders is obtained under Listing Rule 10.11.
- 8.5 By approving the proposed issue to the Vendors under Listing Rule 10.11, as a result of Exception 14 in Listing Rule 7.2, the Company will be able to raise more capital in the future by the issue of securities (within the 15% annual limit) without the delay involved in getting Shareholder approval. By taking this course, the Company will be well placed to readily take advantage of opportunities as they arise.
- 8.6 ASX Listing Rule 10.13 requires the following information about the issue of the Shares to the Vendors to be given to the Company's Shareholders.

Recipients of the Shares: The VIA Shares are to be issued to the Vendors – Mr Zhou Hailin and Mr Liao Changyuan.

Relationship of the recipients to the Company: Neither Mr Zhou Hailin nor Mr Liao Changyuan is a Director and is not expected to become a director of the Company as a result of completion of the Acquisition. Otherwise, the relationship of the Vendors to the Company is detailed in paragraph 6.6 of the Explanatory Statement.

Maximum number of securities issued: 9,000,000 ordinary shares in the capital of the Company (credited as fully paid).

Issue price: The Shares will be issued at an implied price of A\$2.00 per Share.

Terms of issue: The Shares to be issued will be fully paid ordinary shares. The Shares will rank equally in all respects with all other fully paid ordinary shares on issue in the Company.

Use of funds raised: No funds will be raised by the issue of the Shares to the Vendors. The issue of the Shares will be in satisfaction of the obligation of the Company to pay the Vendors an amount of A\$18.0 million on completion of the Acquisition.

Date of issue: If the resolution is approved, the Company expects to complete the Acquisition (and issue the VIA Shares) immediately following the Meeting (i.e. on or about 3 May 2016) and, in any event, by no later than one month after the date of the Meeting).

Voting exclusion statement: A voting exclusion statement is included in the Notice of Meeting.

9. Timetable

If the resolution is approved, the proposal should proceed according to this timetable.

Event	Date
Meeting Date – Purchase of the Polygoal shares approved	29 April 2016
Completion of sale / purchase of the Polygoal shares	on or about 3 May 2016

10. Voting

Some Shareholders may not be allowed to vote on the resolution set out in the accompanying notice of meeting. Please refer to the voting exclusion statement in the notice of meeting.

11. Recommendation

- 11.1 The independent Directors recommend the proposal and encourage eligible Shareholders to vote in favour of the resolution set out in the accompanying notice of meeting.
- 11.2 If Shareholders cannot attend the meeting, they are urged to complete the proxy form and return it (see proxy form for details) as soon as possible and, in any event by no later than 3.00pm (Macau time) on 27 April 2016.

12. Glossary

In the Notice of Meeting and this Explanatory Statement the following terms have the following meanings:

Acquisition means the acquisition by the Company of all of the issued shares of Polygoal pursuant to the terms and conditions of the Acquisition Agreement.

Acquisition Agreement means the agreement dated January 2016 between the Company and the Vendors for the sale and purchase of the issued shares of Polygoal.

Act means the Companies Act 1981 of Bermuda.

ASX means ASX Limited.

Board means the Board of Directors of the Company.

Business Day means a day that is not a Saturday, Sunday, bank or public holiday in either Hong Kong or PRC.

Company or **ViaGold** or **VIA** means ViaGold Capital Limited.

Constitution means the constitution of the Company.

Director means a director of the Company from time to time.

Explanatory Statement means this explanatory statement dated 8 April 2016 (which accompanies and forms part of the Notice of Meeting).

Group or **ViaGold Group** means the Company and its controlled entities.

Listing Rules means the Official Listing Rules of ASX.

Meeting means the meeting (to be held on 29 April 2016) that is the subject of, and convened by, the Notice of Meeting.

Notice of Meeting means the Notice of Meeting dated 8 April 2016 referred to in and which accompanies this Explanatory Statement.

PCL Group means Polygoal and its controlled entities (Hongjie, SXIC, JHRE and MJSM).

Polygoal means Polygoal Capital Limited, a company incorporated under the laws of the British Virgin Islands with a registered office at CCS Trustees Limited, 263 Main Street, P.O. Box 2196, Road Town, Tortola, British Virgin Islands.

PRC means the People's Republic of China.

Resolution means the resolution referred to in the Notice of Meeting.

Share means an ordinary share in the capital of the Company.

Shareholders means the holders of Shares.

Vendors means Mr Zhou Hailin and Mr Liao Changyuan and **Vendor** means either one of them (as the case may be).

A reference to \$, A\$, \$A or AUSS\$ is to the legal currency of Australia. A reference to RMB (or renminbi) is to the legal currency of PRC.

Dated: 8 April 2016

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ANNEXURE A

PRO FORMA STATEMENT OF FINANCIAL POSITION

This section contains the pro forma statement of statement of financial position for the Company and its subsidiaries (**the Group**) as a merged group with Polygoal and its subsidiaries (**the Target Group**) (**Merged Group**), reflecting the combined business of the Company and Polygoal Capital Limited and its subsidiaries. The pro forma statement of financial position is presented to provide existing shareholders of the Group with an indication of the Merged Group's consolidated financial position as if the proposed transaction had been implemented as at 31 December 2015.

As the proposed transaction, if implemented, will be effected at a future date, the actual financial position of the Merged Group post implementation of the Proposed Transaction will differ from that presented below.

References to notes in the table presented below refer to the notes to pro forma adjustments set out in this section.

Basis of preparation

The pro forma statement of financial position is provided for illustrative purposes and is prepared in accordance with the recognition and measurement requirements of applicable International Accounting Standards on the assumption that the proposed transaction occurred on 31 December 2015.

The pro forma statement of financial position is presented in an abbreviated form insofar as it does not contain all of the disclosures, statements or comparative information as required International Accounting Standards applicable to annual Accounting Standards applicable to annual Accounting Standards applicable to annual Accounting Standards applicable to annual financial reports usually provided in an annual report prepared in accordance with the Corporations Act. It is presented based on the consolidated statement of financial position of the Group as at 30 September and the statement of financial position of the Merged Group as at 31 December 2015. It is assumed that there is no significant change for the period from 1 October 2015 to 31 December 2015 of the Group.

The Company is the legal acquirer (i.e. the parent company) and will be the reporting entity of the Merged Group. The accounting policies of the Merged Group used in the compilation of the pro forma financial information are based on those of the Company. A summary of the significant accounting policies of the Company is disclosed in the audited financial of the Company for the year ended 31 March 2015, available on ASX's website at www.asx.com.au.

Upon completion of the proposed transaction, the business purpose of the Company will have changed to that of the Merged Group resulting in the need to consider and/or adopt new accounting policies.

No adjustments have been made in the pro forma statement of financial position for any expected synergies or integration costs following the completion of the proposed transaction. Nor have any adjustments been made in the pro forma statement of financial position for any one-off or non-recurring costs.

The presentation currency of the Group is Australian dollars while the Group's transactions are denominated in multi-currencies, including Hong Kong Dollars, United States Dollars, Macau Pataca and Renminbi. The functional currency of the Merged Group is Renminbi. The translation currency rates adopted in the pro forma statement of financial position are extracted from the average rates of the Bank of China.

Pro forma statement of financial as at 31 December 2015 is as follows:

2015
AUD '000

Current assets

Cash and bank balances	704
Bills receivables	2,961
Inventories	76,806
Trade and other receivables	8,202
Amount due from related parties	1,594
	<u>90,267</u>

Non-Current Assets

Property, plant and equipment	10,362
Investment properties	690
Intangible assets	4,656
Goodwill	2,656
Deferred tax assets	110
Investment in an associate	441
	<u>18,915</u>

Total assets

109,182

Current liabilities

Trade and other payables	8,250
Bills payables	4,230
Borrowings	14,807
Tax payable	62
Amount due to related parties	13,570
	<u>40,919</u>

Non-Current Liabilities

Deferred tax liabilities	13,433
	<u>13,433</u>

Total liabilities

54,352

Net current assets

49,348

Net assets

54,830

Equity

Share capital	24,131
Share premium	29,020
Translation reserves	(28,198)
Contributed surplus	47,645
Warrant reserve	915
Share-based compensation leave	7,221
Retained earnings	(61,626)
Attributable to equity holders of the Company	<u>19,108</u>
Non-controlling interest	35,722

Total Equity

54,830

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Notice of general meeting

ViaGold Capital Limited

(incorporated in Bermuda)

A general meeting of the members of ViaGold Capital Limited (**Company**) will be held:

- on 29 April 2016
- at 3.00pm (Macau time)
- at Av. Xian Xing Hai, ED. Zhu Kuan (Golden Dragon Centre) 6J-K, Macau.

Business - Resolution

To consider and, if thought fit, to pass the following resolution as an **ordinary resolution**:

That the shareholders of the Company approve, in compliance with ASX Listing Rules and for all other purposes:

- (a) in compliance with ASX Listing Rule 10.1, the acquisition by the Company from the Vendors of all of the issued shares in Polygoal Capital Limited for A\$18.0 million (Acquisition) and otherwise on the terms outlined in the Explanatory Statement; and
- (b) in compliance with ASX Listing Rule 10.11, the issue by the Company of 9,000,000 million ordinary shares in the capital of the Company to the Vendors [Mr Zhou Hailin (7,200,000 Shares) and Mr. Liao Changyuan (1,800,000 Shares)] in satisfaction of the obligation of the Company to pay the purchase price to the Vendors on completion of the Acquisition (which issue will take place as detailed in the Explanatory Statement).

Voting exclusions

The Company will disregard any votes cast by:

- (a) either of the Vendors; and
- (b) an associate of any one or more of the Vendors.

However, the Company need not disregard a vote if:

- (c) it is cast by a person as proxy for a person who is entitled to vote and it is cast in accordance with the directions on the proxy form; or
- (d) it is cast by a person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

Entitlement to Vote

The Company has determined that for the purposes of the Meeting the Shares of the Company will be taken to be held by the persons who are registered as the holders of those Shares in the Register of Members of the Company at 7.00pm on 27 April 2016. Accordingly, only those persons will be entitled to attend and vote at the meeting.

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Proxies

1. A member who is entitled to vote at the meeting may appoint:
 - (a) one proxy if the member is only entitled to one vote; or
 - (b) one or two proxies if the member is entitled to more than one vote.
2. Where the member appoints two proxies, the appointment may specify the proportion or number of votes that each proxy may exercise. If the appointment does not specify a proportion or number, each proxy may exercise half of the votes, in which case any fraction of votes will be disregarded.
3. A proxy need not be a member of the Company.
4. If you require an additional proxy form, the Company will supply it on request.
5. If a Shareholder appoints more than one proxy, neither proxy will be entitled to vote on a show of hands.
6. To be effective, the Company must receive the completed proxy form and, if the form is signed by the Shareholder's attorney, the authority under which the proxy form is signed (or a certified copy of the authority) by no later than 3.00pm (Macau time) on 27 April 2016.
7. Proxies may be lodged with the Company:
 - by mail to ViaGold Capital Limited at:

Av. Xian Xing Hai, Ed. Zhu Kuan (Golden Dragon Centre) 6 I-K, Macau; or
Suite 1102, Level 11, 370 Pitt Street, Sydney, NSW 2000, Australia
 - by facsimile to ViaGold Capital Limited at:

+ 853 2872 7819 (Macau) or,
+61 2 9283 3168 (Australia),
 - by email to ViaGold Capital Limited at:

herman@hermanchowco.com
8. A Proxy given by a corporate Shareholder must be executed in accordance with the constitution of the company giving the proxy, or under the hand of a duly authorised attorney of the company.
9. A proxy may decide whether to vote on any motion, except where the proxy is required by law or the Constitution to vote, or abstain from voting, in their capacity as proxy. If a proxy is directed how to vote on an item of business, the proxy may vote on that item only in accordance with the direction. If not directed how to vote on an item of business, the proxy may vote as he or she thinks fit.
10. If a Shareholder appoints the chairman of the meeting as the Shareholder's proxy and does not specify how the chairman is to vote on an item of business, the chairman may vote as he or she thinks fit. The chairman advises that he intends to vote, as proxy for any such Shareholder, in favour of each Resolution.

Dated: 8 April 2016

By order of the Board

Peter King Choi Leung
Company Secretary

Proxy form

The Secretary

ViaGold Capital Limited (ARBN 070 352 500)

Av. Xian Xing Hai, Ed. Zhu Kuan (Golden Dragon Centre) 6 I-K, Macau

I/We

Full Name:

(please print)

of

Address:

(please print)

being a member(s) of **ViaGold Capital Limited** appoint:

Name of
Proxy

Name:

Address:

or, in his /her absence:

Name of
Proxy

Name:

Address:

or, if I/we have not nominated a proxy or if the nominee is absent from the meeting, the Chairman of the meeting as my/our proxy to vote on my/our behalf in accordance with the following instructions (or if no instructions are given, as the proxy sees fit) at the General Meeting of the members of ViaGold Capital Limited to be held at 3.00pm (Macau time) on 29 April 2016 and at any adjournment of that meeting.

This proxy is authorised to exercise votes /% of my/our total voting rights.

Directing your Proxy

To instruct your proxy how to vote, insert 'X' in the appropriate box below. If you do not instruct your proxy how to vote on the Resolution, your proxy may vote as he/she thinks fit or abstain from voting.

Please note – If the Chairman is or is deemed to be your proxy, the Chairperson advises that he intends in relation to all undirected proxies to vote in favour of the Resolution.

I/We instruct my/our proxy to vote on the Resolution in the notice of meeting):

	For	Against	Abstain
1. Approval of the Acquisition and issue of the Shares	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

If the Chairman of the meeting is appointed as your proxy, or may be appointed by default, and you do **not** wish to direct your proxy how to vote as your proxy in respect of a resolution, please place a mark in the box. By marking this box, you acknowledge that the Chairman of the meeting may exercise your proxy even if he has an interest in the outcome of the Resolution and that votes cast by the Chairman of the meeting for the Resolution (other than as proxy holder) will be disregarded because of that interest.

If you do not mark this box, and you have not directed your proxy how to vote, the Chairman will not cast your votes on the Resolution and your votes will not be counted in calculating the required majority if a poll is called on the Resolution.

Execution of your Proxy

This proxy must be signed by each appointing member (or the member's attorney). Proxies given by a company must be executed in accordance with the constitution of the company giving the proxy or under the hand of a duly authorised attorney of the company.

Dated:

COMMON SEAL	SIGNATURE(S)	NAME (print)

The proxy form and the power of attorney or other authority (if any) under which it is signed (or a certified copy) must be received by the Company by no later than 3.00pm (Macau time) on 27 April 2016 (being not less than 48 hours before the time and date for holding the Meeting).

- by mail to ViaGold Capital Limited at:
 - Av. Xian Xing Hai, Ed. Zhu Kuan (Golden Dragon Centre) 6 I-K, Macau;
 - or
 - Suite 1102, Level 11, 370 Pitt Street, Sydney, NSW 2000, Australia.
- by facsimile / email to ViaGold Capital Limited on:
 - Facsimile: + 853 2872 7819 (Macau) or +61 2 9283 3168
 - Email: herman@hermanchowco.com (Australia)

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