

VIAGOLD RARE EARTH RESOURCES HOLDINGS LIMITED (ARBN 070 352 500)

Appendix 4C Q2 FY23 Quarterly Cash Flow and Activities Report

ViaGold Rare Earth Resources Holdings Limited (hereinafter “VIA” or the “Company”) is pleased to announce its (unaudited) Second Quarter Cash Flow and Activities Report for its Fiscal Year 2022-2023.

Highlights

Performance

1. Revenue from operation amounted to A\$14,227K in Q2 FY23. It was a 155.76% increase over same quarter previous fiscal year (Q2 FY22: A\$ 5,563K).
2. Revenue was basically generated by two segment: (1) the rare earth business which contributed some 99.82% of the total and (2) the car leasing business which generated the rest of 0.18% of the total Q2 FY23 revenue.

Cash flow

1. VIA’s receipts from customers had reached A\$16,432K.
2. Net cash used in operating activities for the quarter amounted to A\$47K.
3. Cash balance maintained as at 30 September 2022 amounted to A\$1,051K.

Operating Cash Flow/Performance of Operations

During the period of Q2 FY23, the Company continues to maintain three basic business segments:

1. Rare earth business which remains as major segment;
2. Leasing and capital financing (mainly car leasing to institution customers under contract); and
3. Investment holdings.

CASH POSITION

1. Cash flows from operating activities were generated from:
 - a. Receipts from customers of A\$16,432K, which comprises of:
 - a) A\$16,394K from operating revenue of the rare earth business segment; and
 - b) A\$38K from operating revenue of the car leasing segment.
 - b. receipt of bank interest of A\$63K; and
 - c. no other income for the current quarter.

and after payment for:

- d. product manufacturing and operating costs of A\$13,654K;
- e. no advertising and marketing payments for the current quarter;
- f. staff costs of A\$275K;
- g. administration and corporate costs of A\$2,528K; and
- h. income tax of A\$85k.

This end up a result of a net cash used in operating activities of A\$47K.

2. Cash flows from investing activities: For 2.1(c), the A\$810K was payments to acquire property, plant and equipment for the rare earth business segment; and the result is a net cash used in investing activities for A\$810K.
3. Cash flows from financing activities of A\$101K were generated from proceeds from and repayment to related parties of the rare earth business segment.

4&5. The cash and cash equivalent at the beginning of Q2 FY23 was A\$1,815K and at the end was A\$1,051K.

6. There is no director and other kinds of fees made to director.
7. There is a A\$588K (HK\$3,000K) financing credit provided by Ling Ge Art Foundation to support the Company but there was no record of use of this financing facilities in period Q2 2023.
8. The total available funding as at 30 September 2022 was amounted to A\$1,639K which A\$1,051K is Cash and cash equivalent at quarter end and A\$588K is unused financing credit.

DISCREPANCIES

The following discrepancies exist between this Appendix 4C and Interim Financial Report For the Half-Year Ended 30 September 2022 (Appendix 4D):

Six months ended 30 September 2022	\$A'000	
	Appendix 4C	Appendix 4D
Net cash flows from operating activities	(3,378)	(2,994)
Net cash flows from investing activities	(799)	(1,227)
Net cash flows from financing activities	52	273
Net (decrease)/increase in cash and cash equivalents	(4,125)	(3,948)
Effect of foreign exchange rate change, net	100	(77)

The circumstances giving rise to the Cash Flow Financial Statement Discrepancies were mainly due to a difference in method adopted for the preparation of the consolidated cash flow statements for the half-year ended 30 September 2022. For the consolidated statement of cash flows in the Appendix 4D were prepared under the indirect method instead of direct method (cash basis) required in the Quarterly Cash Flow and Activities Report (Appendix 4C).

Please be advised that as noted in IAS 7 – Statement of Cash Flow Statement, under the indirect method, the profit or loss is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments, and items of income or expense associated with investing or financing cash flows.

Please note that both methods in the preparation of the cash flow statements produced the same result (i.e the cash and cash equivalents at the beginning and end of the reporting date are the same).



FORWARD LOOKING STATEMENT

These ASX announced statements includes certain forward-looking statements that are based on information known as of the date 30 September 2022 and are subject to various uncertainties. The actual results and performance could be significantly different from those expressed in, or implied by, these Forward Looking Statements. These statements are not guarantees of future performance or results, and may involve risks, uncertainties and other negative factors which may cause actual result substantially deviate from those expressed herein the statements.

Authorized by: The Board of Directors of ViaGold Rare Earth Resources Holdings Limited has approved and authorized the release of this announcement to the market.

Appendix 4C

Quarterly cash flow report for entities subject to Listing Rule 4.7B

Name of entity

VIAGOLD RARE EARTH RESOURCES HOLDINGS LIMITED

ABN

070 352 500

Quarter ended ("current quarter")

30 September 2022

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (6 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	16,432	26,905
1.2 Payments for		
(a) research and development	-	-
(b) product manufacturing and operating costs	(13,654)	(25,870)
(c) advertising and marketing	-	(2)
(d) leased assets	-	-
(e) staff costs	(275)	(557)
(f) administration and corporate costs	(2,528)	(3,883)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	63	68
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	(85)	(149)
1.7 Government grants and tax incentives	-	-
1.8 Other (provide details if material)	0	110
1.9 Net cash from / (used in) operating activities	(47)	(3,378)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
2.	Cash flows from investing activities		
2.1	Payments to acquire or for:		
	(a) entities	-	-
	(b) businesses	-	-
	(c) property, plant and equipment	(810)	(810)
	(d) investments	-	-
	(e) intellectual property	-	-
	(f) other non-current assets	-	-
2.2	Proceeds from disposal of:		
	(a) entities	-	-
	(b) businesses	-	-
	(c) property, plant and equipment	-	-
	(d) investments	-	11
	(e) intellectual property	-	-
	(f) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
2.6	Net cash from / (used in) investing activities	(810)	(799)
3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities	-	-
3.2	Proceeds from issue of convertible debt	-	-
3.3	Proceeds from exercise of options	-	-
3.4	Transaction costs related to issues of equity	-	-
3.5	Proceeds from borrowings	300	2,020
3.6	Repayment of borrowings	(199)	(1,968)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
3.7	Transaction costs related to loans and	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
3.10	Net cash from / (used in) financing activities	101	52

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period (details as below note)	1,815	5,076 ¹
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(47)	(3,378)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(810)	(799)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	101	52
4.5	Effect of movement in exchange rates on cash held	(8)	100
4.6	Cash and cash equivalents at end of period	1,051	1,051

¹ **Note:** as per auditor's recommendation, the Bank structured deposits should be reported as Financial assets at FYTPL, and the Pledged deposit should be listed as a separate line item in the Consolidated Statement of Financial Position. The following Details included in box 4.1 Cash and cash equivalents at beginning of period:

	\$A'000
As per Appendix 4C Q4 FY22 Cash Flow Report for 31 March 2022	6,681
Less:	
Bank structured deposits	(398)
Pledged deposit	(1,019)
Other items including exchange differences and others not accounted for	(188)
Cash and cash equivalents at beginning of period as stated in this Cash Flow Report	5,076

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	1,043	1,802
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	8 (Cash in hands)	13 (Cash in hands)
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	1,051	1,815

6.	Payments to related parties of the entity and their associates	Current quarter \$A'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	-
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-

Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments.

7.	Financing facilities	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
	<i>Note: the term "facility" includes all forms of financing arrangements available to the entity. Add notes as necessary for an understanding of the sources of finance available to the entity.</i>		
7.1	Loan facilities	-	-
7.2	Credit standby arrangements	-	-
7.3	Other (please specify)	588	-
7.4	Total financing facilities	588	-
7.5	Unused financing facilities available at quarter end		588
7.6	Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.		
	<div>The facility of A\$588,000 (HK\$3,000,000) is</div> <div>Lender: Ling Ge Art Foundation</div> <div>Facility Amount: HK\$3,000,000 (maximum)</div> <div>Interest: Non-interest bearing</div> <div>Expiry Date: 31 March 2023</div>		

8. Estimated cash available for future operating activities	\$A'000
8.1 Net cash from / (used in) operating activities (item 1.9)	(47)
8.2 Cash and cash equivalents at quarter end (item 4.6)	1,051
8.3 Unused finance facilities available at quarter end (item 7.5)	588
8.4 Total available funding (item 8.2 + item 8.3)	1,639
8.5 Estimated quarters of funding available (item 8.4 divided by item 8.1)	35
<i>Note: if the entity has reported positive net operating cash flows in item 1.9, answer item 8.5 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.5.</i>	
8.6 If item 8.5 is less than 2 quarters, please provide answers to the following questions:	
8.6.1 Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?	
Answer: N/A	
8.6.2 Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?	
Answer: N/A	
8.6.3 Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?	
Answer: N/A	
<i>Note: where item 8.5 is less than 2 quarters, all of questions 8.6.1, 8.6.2 and 8.6.3 above must be answered.</i>	

Compliance statement

1. This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
2. This statement gives a true and fair view of the matters disclosed.

Date: 14 June 2023

Authorised by: The Board of Directors of ViaGold Rare Earth Resources Holdings Limited has approved and authorized the release of this announcement to the market

(Name of body or officer authorising release – see note 4)

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.