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VIAGOLD RARE EARTH RESOURCES HOLDINGS LIMITED

(ARBN 070 352 500)

Appendix 4C

Q2 FY21 Quarterly Cash Flow and Activities Report

ViaGold Rare Earth Resources Holdings Limited is pleased to announce its Second Quarterly Cash Flow and Activities Report (Appendix 4C) for its Fiscal Year 2020-2021.

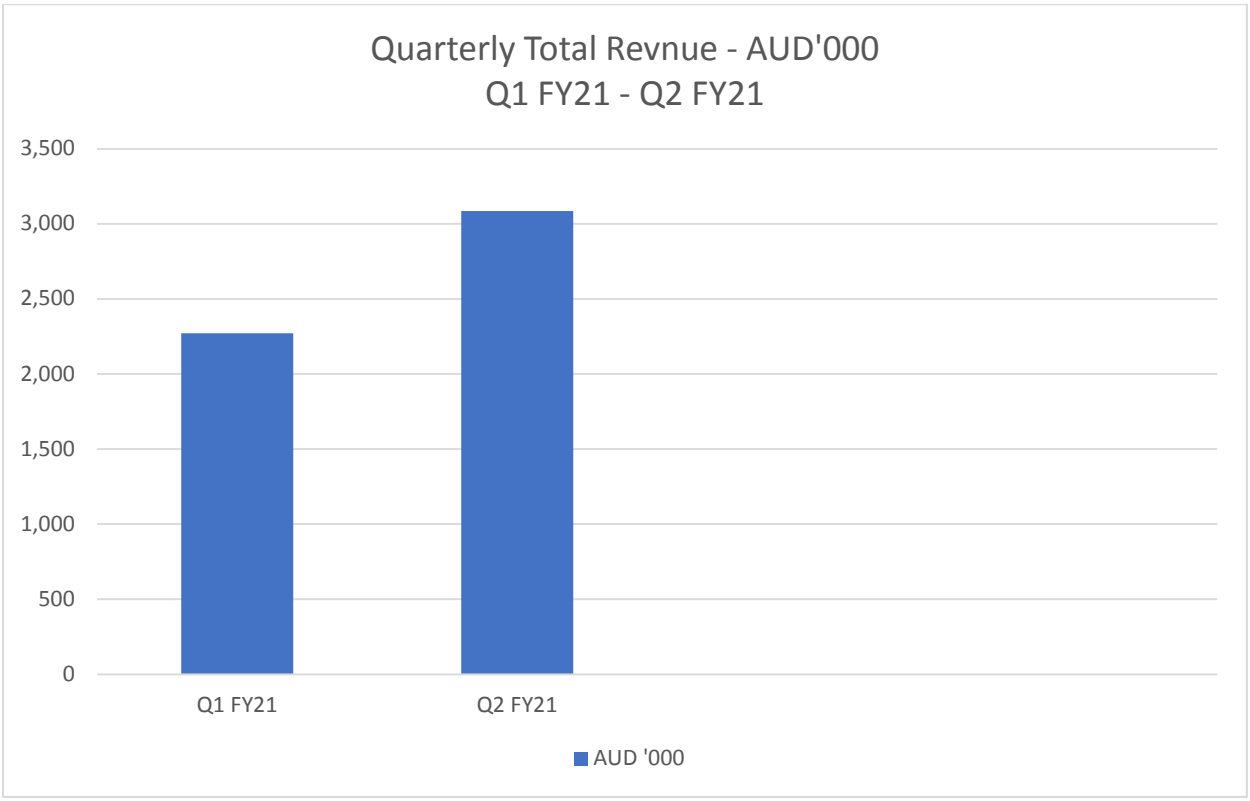
Q2 FY21 Highlights

1. Revenue for the quarter Q2 FY21 is AUD3,084,555.00, a 35.77% increase from the AUD2,271,843.61 in Q1 FY21.

2. Development and testing of the Internet of Things + Blockchain Rare Earth Provenance Tracing System (the "System") is progressing modestly. The Company is looking forward to putting the System on the Baotou Rare Earth Product Exchange to facilitate transactions for the supply of rare earths in China in calendar year 2021.

3. In conjunction with the difficulties raised during the COVID-19 pandemic whereas source and spending on raw material is difficult and high, the product manufacturing and operating cost has been high and yet the Company can sustain a Net Cash from operating activities of AUD1,480K for the quarter (Q1 FY21 AUD1,890K).

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Product and Technology Update

The development of the technology in "Internet of Things + Blockchain Rare Earth Provenance Tracing System" is undergoing. The technical team is working from home due to the COVID-19 pandemic, therefore the completion of the System could be later than expected in 2021.

Operating Cash Flow

The Company is striking hard under the negative impact from COVID-19 pandemic, and yet sustain a positive net cash flow of AUD1,480K from its operating activities.

In Q2 FY21, the Company continues to operate under its 4 basic segments

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1) The rare earth processing and refinery;
2) The leasing and capital financing;
3) The education management and consulting services; and
4) Investment holdings

FIRSTLY the rare earth processing and refinery business continues to be the focus of the Company. During the first month (July 2020) of the period Q2 FY21, there was zero Sales, but in Aug and Sep it retreived back to AUD975,296.03 (Aug 2020) and AUD2,013,062.58 (Sep 2020) respectively. The Company was trying hard to reduce the administration, corporate and staff cost, to improve production efficiency to compensate of the increasing of product manufacturing and operating costs, and to keep minimized work in progress by matching inventory of raw material to contracted order. The Cash Flow derived from operating activities for the Q2 FY21 is from:

1) Receipt from customers for the principle two processed products
   a) Rare earth oxide and
   b) Rare earth chloride.

2) No advertising/marketing was spent in this quarter and the rest of the payments were for:
   a) ordinary but diminished staff cost
   b) administration and corporate costs that had been maintained at minimum
   c) product manufacturing and operating costs.

For this period Q2 F21, there was no spending on leasehold improvement, building, motor vehicles, furniture, equipment, plant and machinery.

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SECONDARY, the Leasing and Capital Financing segment operated stably with rental income achieved from the company property and car leasing under contracts. Monthly expenditure were normal and regularly spent and recorded.

THIRDLY, the Education Management and Consulting Services segment was operated for the last month in July under contracts with education institutions and monthly expenditure were normal and regulatory spent and recorded.

Both Leasing and Capital Financing segment and the Education Management and Consulting Services segment have no spending on any leasehold improvement, building, motor vehicles and other assets for this period Q2 FY21.

The FOURTH one regarding Investment Holdings:

The Company has announced that through its subsidiary, a co-operation agreement has been entered with ZhongLianJin Warehousing and Logistics Co. Ltd. and WuXi PuXin Stainless Steel Co. Ltd. According to the agreement, a joint venture company will be incorporated in the HengQin Free Trade Zone in Zhuhai, China and 35% of its shares will be held by the Company's subsidiary (Zhuhai Viagold IoT). The other two parties also inject fund for their corresponding shares according to their shareholdings. (Please also see announcement on 1 September 2020 for detail of the Cooperation). The paid up capital of the new HengQin company is AUD1,026K. the Company's 35% shareholding is amounted to AUD359K. The Company possesses Cash of AUD4,813K as at 30 September 2020 (13.4 times of the required injection) which is much more than enough for this purpose.

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CASH POSITION

1. For Q2 FY21, the Company Cash Inflow from Receipts from customers was AUD5,103K which includes: – .
   a. Receipts from customers for AUD5,014K from
      i/ Rare earth processing and refinery for AUD4,905K
      ii/ Education Management & Consulting Services for AUD42K
      iii/ Car Leasing and property rental for AUD67K
   b. Receipts from investment for AUD89K

   After Q1 FY21, COVID-19 continues rendering its negative impact into the rare earth industry, as such, the Company's subsidiary in rare earth processing and refinery contributed no revenue in its first month (July 2020) of Q2 FY21. It striked hard by matching inventory of raw materials to production for sales, reducing work force and minimized it general and administration expenses, while the other two segments continue to operate under stable contracts. Net cash from operating activities amounted to AUD1,480K resulted.

2. Net cash from investing activities for AUD1,579K resulted in cash flows from other entities.

3. Net Cash from financing activities for AUD49K was attributed to "Cash flows from Proceeds from Borrowing" of AUD35K to its subsidiary - Zhuhai Viagold Internet of Things Technology Co. Ltd. and "Cash Flows from Repayment of Borrowings" of AUD84K from same subsidiary during the period.

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4.& 5. Cash and cash equivalent at end of period Q2 F21 was A$4,813K. The Company has gradually built up cash for future operating activities and investment (such as the cooperation transaction mentioned above in Investment Holdings).

6. For the payments to related parties of the entity and their associates 6.1: same as Q1 FY21, the AUD12K is the remuneration to director; and for 6.2: the AUD1,579K is the proceeds from loan to the Company's rare earth subsidiary. In Q2 FY21, Jiangsu ShuiDe Energy Savings Technology Limited (Jiangsu ShuiDe) continued to support the Company's rare earth subsidiary – Jintan Hailin Rare Earth Company Limited (Hailin) for its working capital requirement. Jiangsui ShuiDe's is majorly owned (90%) by the son of the chairman of Hailin. The support started long before the Company acquired Hailin in 2017. AUD1.5M was loan to Hailin in Q2 FY21.

7. There was no financing arrangement for the period.

8. Under this difficult economic environment of COVID -19 pandemic, the Company, with the net cash from operating activities of AUD1,480K and net cash and cash equivalent of AUD4,813K at this quarter end, the Company, although with various risk and uncertainties in the near future, aim to sustain its FY21 and target for an elevated sales in its fiscal year ended 31 March 2021.

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OUTLOOK

Looking forward, the Company will closely monitor the local and global impacts and risk from the current COVID-19 pandemic. It will continue to strike hard to sustain the core business in this economic environment and also work on the technology development on the Internet of Things + Blockchain on Provenance Rare Earth Tracing System. Meanwhile, the new entity in HengQin was just incorporated and the Company is confident that through its subsidiary and together with its WuXi co-op partners, will establish a strong base for the trading of rare earth related products which will bring good returns to the shareholders.



Investor enquiries

C.E.O.
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The Board has authorized the release of this announcement to the market.

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Appendix 4C

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

Name of entity

VIAGOLD RARE EARTH RESOURCES HOLDINGS LIMITED

ABN	Quarter ended ("current quarter")
070 352 500	30 SEPTEMBER 2020

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	5,014	8,742
1.2	Payments for		
	(a) research and development	-	-
	(b) product manufacturing and operating costs	(3,028)	(4,465)
	(c) advertising and marketing	-	(23)
	(d) leased assets	(6)	(12)
	(e) staff costs	(189)	(437)
	(f) administration and corporate costs	(355)	(550)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	2	5
1.5	Interest and other costs of finance paid	-	-
1.6	Income taxes paid	(47)	(106)
1.7	Government grants and tax incentives	-	-
1.8	Other (provide details if material)	89	216
1.9	**Net cash from / (used in) operating activities**	**1.480**	**3,370**

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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		
	(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		
	(e) intellectual property		
	(f) other non-current assets		
2.3	Cash flows from loans to other entities	1,579	(433)
2.4	Dividends received (see note 3)		
2.5	Other (provide details if material)		
2.6	**Net cash from / (used in) investing activities**	**1,579**	**(433)**

3.	**Cash flows from financing activities**		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)		
3.2	Proceeds from issue of convertible debt securities		
3.3	Proceeds from exercise of options		
3.4	Transaction costs related to issues of equity securities or convertible debt securities		
3.5	Proceeds from borrowings	35	35

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Consolidated statement of cash flows		Current quarter $A'000	Year to date (6 months) $A'000
3.6	Repayment of borrowings	(84)	(84)
3.7	Transaction costs related to loans and borrowings		
3.8	Dividends paid		
3.9	Other (provide details if material)		
3.10	**Net cash from / (used in) financing activities**	**(49)**	**(49)**

4.	**Net increase / (decrease) in cash and cash equivalents for the period**		
(4.1	Cash and cash equivalents at beginning of period	1,826	2,527
4.2	Net cash from / (used in) operating activities (item 1.9 above)	1,480	3,370
4.3	Net cash from / (used in) investing activities (item 2.6 above)	1,579	(433)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(49)	(49)
4.5	Effect of movement in exchange rates on cash held	(23)	(602)
4.6	**Cash and cash equivalents at end of period**	**4,813**	**4,813**

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	4,809	1.825
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	4	1
5.5	**Cash and cash equivalents at end of quarter (should equal item 4.6 above)**	**4,813**	**1.826**

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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	(12)
6.2	Aggregate amount of payments to related parties and their associates included in item 2	1,579

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 *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.*	Total facility amount at quarter end $A'000	Amount drawn at quarter end $A'000
7.1	Loan facilities		
7.2	Credit standby arrangements		
7.3	Other (please specify)		
7.4	**Total financing facilities**		
7.5	**Unused financing facilities available at quarter end**		
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.		

8.	Estimated cash available for future operating activities	$A'000
8.1	Net cash from / (used in) operating activities (item 1.9)	1,480
8.2	Cash and cash equivalents at quarter end (item 4.6)	4,813
8.3	Unused finance facilities available at quarter end (item 7.5)	-
8.4	Total available funding (item 8.2 + item 8.3)	4,813

8.5	**Estimated quarters of funding available (item 8.4 divided by item 8.1)**	NA

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.

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

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.

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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: 30 October, 2020

Authorised by: Ms. Vivien Shi, C.E.O. of ViaGold Rare Earth Resources Holdings Limited has 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.