

ViaGold Capital Limited (ASX Code: VIA) advises that it has reached agreement with the vendors of the issued shares of Polygoal Capital Limited (Polygoal Vendors) to extend the period for compliance by them with the minimum dividend warranty under the Sale and Purchase Agreement entered into by those vendors with the Company in January 2016.

As previously advised to the market, ViaGold finalised the acquisition of the entire issued capital of Polygoal from the Polygoal Vendors on 27 May 2016. As a result of the acquisition, ViaGold gained a controlling interest in a rare earth mining, processing and refining project in Changzhou, Jiangsu Province in the PRC.

Under the Sale and Purchase Agreement, the Polygoal Vendors warranted to ViaGold that Polygoal would distribute dividends (resulting from the profits derived from the rare earth project) to its shareholders totalling at least RMB27,000,000 within two years after completion of the acquisition and, if that did not occur, the Polygoal Vendors would pay the shortfall (Warranty).

Over recent months, the Polygoal Vendors have been of material assistance to ViaGold in regard to its interest in the rare earth project, which assistance may add significantly to the value of that interest. In return for that assistance, which is to be continued over the next 6 to 12 months, ViaGold has agreed to extend the period for compliance by the Polygoal Vendors with the Warranty by a further 12 months.

While the extension will defer receipt of funds for 12 months, the ViaGold Board believes strongly that the extension is in the best interests of shareholders as it will enable ViaGold, in the longer term, to maximise the total expected returns from its investment in Polygoal and its interest in the rare earth project.

All queries regarding this announcement or the amendment of the Polygoal Sale Agreement should be directed to Peter Leung at +86 13828715156.