



SIHAYO GOLD PROJECT
Response to ASX Appendix 5B query
23 August 2018

In response to your query of 15 August, the Company provides the following response.

1. Does SIH expect that it will continue to have negative operating cash flows for the time being and, if not, why not?

SIH will continue to have negative operating cashflows as it explores financing options for the construction of the Sihayo Gold project

2. Has SIH 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?

The Board has successfully petitioned major shareholders for an unsecured loan of AUD2m to be drawn as required. The Board is also looking at project financing, further equity raises and other debt financing options.

3. Does SIH expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

The board is confident that it will be able to continue operations to meet the business objective of constructing the project as described in further detail in the ASX announcement lodged today, 23 August. The major shareholders have indicated they are committed to supporting the company through to the conclusion of financing the project.

4. Please provide any other information that SIH considers may be relevant to ASX forming an opinion on whether SIH is in compliance with Listing Rule 12.2 (a listed entity's financial condition must, in ASX's opinion, be adequate to warrant the continued quotation of its securities and its continued listing).

The major shareholders of the Company have been supporting the Company via debt funding and equity contributions for many years. These shareholders have substantial financial resources and are committed to supporting the company through construction to production.

5. Please confirm that SIH is in compliance with Listing Rule 3.1 and that there is no information about its financial condition that should be given to ASX in accordance with that Rule that has not already been released to the market.

There is no further information about the financial condition of the company that has not been released to the market in accordance with listing rule 3.1.

6. Please confirm that SIH's responses to the questions above have been authorised and approved in accordance with its published continuous disclosure policy or otherwise by its board or an officer of SIH with delegated authority from the board to respond to ASX on disclosure matters.

These responses have been approved by the Board.

Yours faithfully,

SIHAYO GOLD LIMITED

Daniel Nolan
Director / CFO / Company Secretary
23 August 2018



15 August 2018

Mr Daniel Nolan

Company Secretary
Sihayo Gold Limited

By email: danny.nolan@sihayogold.com

Dear Mr Nolan

Sihayo Gold Limited (“SIH”): Appendix 5B Query

I refer to SIH’s Appendix 5B quarterly report for the period ended 30 June 2018 lodged with ASX Market Announcements Platform on 1 August 2018 (the “Appendix 5B”).

ASX notes that SIH has reported:

- negative net operating cash flows for the quarter of \$1,510,000;
- cash at the end of the quarter of \$80,000; and
- estimated cash outflows for the next quarter of \$1,150,000.

It is possible to conclude, based on the information in the Appendix 5B that if SIH were to continue to expend cash at the rate indicated by the Appendix 5B, SIH may not have sufficient cash to continue funding its operations. In view of that, ASX asks SIH to respond separately to each of the following questions and requests for information:

1. Does SIH expect that it will continue to have negative operating cash flows for the time being and, if not, why not?
2. Has SIH 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?
3. Does SIH expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?
4. Please provide any other information that SIH considers may be relevant to ASX forming an opinion on whether SIH is in compliance with Listing Rule 12.2 (a listed entity’s financial condition must, in ASX’s opinion, be adequate to warrant the continued quotation of its securities and its continued listing).
5. Please confirm that SIH is in compliance with Listing Rule 3.1 and that there is no information about its financial condition that should be given to ASX in accordance with that Rule that has not already been released to the market.
6. Please confirm that SIH’s responses to the questions above have been authorised and approved in accordance with its published continuous disclosure policy or otherwise by its board or an officer of SIH with delegated authority from the board to respond to ASX on disclosure matters.

When and where to send your response

This request is made under, and in accordance with Listing Rule 18.7. Your response is required as soon as reasonably possible and, in any event, by not later than 7:00am AWST on Monday, 20 August 2018. If we do not have your response by then, ASX will have no choice but to consider suspending trading in SIH’s securities under Listing Rule 17.3.

You should note that if the information requested by this letter is information required to be given to ASX under Listing Rule 3.1 and it does not fall within the exceptions mentioned in Listing Rule 3.1A, SIH’s obligation is to disclose the

Level 40, Central Park
152-158 St Georges Terrace
Perth WA 6000

GPO Box D187
Perth WA 6840

Customer service 13 12 79
asx.com.au

information “immediately”. This may require the information to be disclosed before the deadline set out in the previous paragraph.

ASX reserves the right to release a copy of this letter and your response on the ASX Market Announcements Platform under Listing Rule 18.7A. Accordingly, your response should be in a form suitable for release to the market.

Your response should be sent to me by e-mail at tradinghaltspert@asx.com.au. It should not be sent directly to the ASX Market Announcements Office. This is to allow me to review your response to confirm that it is in a form appropriate for release to the market, before it is published on the ASX Market Announcements Platform.

Listing Rule 3.1

Listing Rule 3.1 requires a listed entity to give ASX immediately any information concerning it that a reasonable person would expect to have a material effect on the price or value of the entity’s securities. Exceptions to this requirement are set out in Listing Rule 3.1A.

In responding to this letter, you should have regard to SIH’s obligations under Listing Rules 3.1 and 3.1A and also to Guidance Note 8 *Continuous Disclosure: Listing Rules 3.1 – 3.1B*.

It should be noted that SIH’s obligation to disclose information under Listing Rule 3.1 is not confined to, nor is it necessarily satisfied by, answering the questions set out in this letter.

Trading halt

If you are unable to respond to this letter by the time specified above, you should discuss with us whether it is appropriate to request a trading halt in SIH’s securities under Listing Rule 17.1.

If you wish to request a trading halt, you must tell us:

- the reasons for the trading halt;
- how long you want the trading halt to last;
- the event you expect to happen that will end the trading halt;
- that you are not aware of any reason why the trading halt should not be granted; and
- any other information necessary to inform the market about the trading halt, or that we ask for.

We require the request for a trading halt to be in writing. The trading halt cannot extend past the commencement of normal trading on the second day after the day on which it is granted.

You can find further information about trading halts in Guidance Note 16 *Trading Halts & Voluntary Suspensions*.

If you have any queries or concerns about any of the above, please contact me immediately.

Kind regards

[Sent electronically without signature]

Dale Allen

Senior Adviser, Listings Compliance (Perth)