

Mr Sebastian Bednarczyk
Senior Advisor, Listing Compliance
ASX, Perth. WA

18/8/2014

Mr Bednarczyk,

Please see the company's response to the queries raised in your correspondence of 14 August 2014.

1. Is it possible to conclude on the basis of the information provided that if the Company were to continue to expend cash at the rate for the quarter indicated by the Appendix 5B, taking into account future administration costs, the Company may not have sufficient cash to fund its activities. Is this the case, or are there other factors that should be taken into account in assessing the Company's position?

The company has reduced and continues to minimise its operational activity levels while it pursues license and permits as described in the June 2014 Quarterly Activities Report.

The company is currently in the process of completing a Small Shareholders Sale Facility which closes on 30 August. The outcome of this exercise should be a material reduction in corporate overhead.

The Company is considering a Non Renounceable Rights issue at the conclusion of this process to fund future activities. In the meantime it is finalising the details of a loan from major shareholders to fund the operations of the company until the completion of the Small Shareholders Sale Facility. The Company plans to announce the details of the loan when finalised in the next few days.

2. Does the Company expect that in the future it will have negative operating cash flows similar to that reported in the Appendix 5B for the quarter and, if so, what steps has it taken to ensure that it has sufficient funds in order to continue its operations at that rate?

The Company expects to have a reduced negative cashflow for the September Quarter compared to the June Quarter as a result of the reduced operational activities and the reduced Corporate overhead mentioned in the previous point.

The Company has sought and received a commitment from major shareholders, Provident Minerals and Saratoga Investama Sedaya to support the Company financially through the Small Shareholders Sale Facility process and to underwrite any subsequent Non Renounceable Rights issue. The details of the loan will be announced over the next few days.

3. What steps has the Company taken, or what steps does it propose to take, to enable it to continue to meet its business objectives?

The Company's immediate business objectives are to complete the GoI Feasibility Study, AMDAL study and Pinjam Pakai described in the June 2014 Quarterly Activities Report.

In parallel the Company continues to optimise the 29 January Feasibility Study to enhance potential returns forecast from its Sihayo/Pungkut Gold project.

4. Can the Company confirm that it is in compliance with the listing rules, and in particular, listing rule 3.1?

The company believes itself to be in Compliance with Listing Rule 3.1.

The details of a shareholder loan and a potential Non Renounceable Rights issues have not yet been concluded and until now any release would contain incomplete information.

5. Please comment on the Company's compliance with listing rule 12.2, with reference to the matters discussed in the note to the rule.

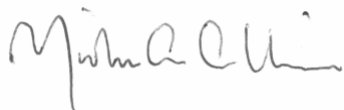
The Company has successfully completed a Feasibility Study for a profitable gold project based on a JORC 2012 compliant resource and reserve at Sihayo/Pungkut.

The Company has also demonstrated its ability to source funds from the market through 2 successful fully underwritten Non Renounceable Rights issues in September 2013 and February 2014.

The Company has received commitments from major shareholders, Provident Minerals and Saratoga Investama Sedaya to continue to fund the activities through the licensing and permitting phase as demonstrated by the provision of shareholder loans and agreements to underwrite previous Non Renounceable Rights issues.

The Company believes it has significant financial assets in the Sihayo/Pungkut gold project and the significant exploration potential in the wider Contract of Work and has a proven record of being able to access funds to finance its operations as required.

Regards,



Misha Collins
Chairman.



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14 August 2014

Danny Nolan
Company Secretary
Sihayo Gold Limited
25 Charles Street
SOUTH PERTH WA 6151

By email: danny.nolan@sihayogold.com

Dear Danny,

Sihayo Gold Limited (the "Company")

I refer to the Company's Quarterly Cashflow Report in the form of Appendix 5B for the period ended 30 June 2014, released to ASX Limited ("ASX") on 31 July 2014 (the "Appendix 5B").

ASX notes that the Company has reported the following.

1. Receipts from product sales and related debtors of \$0.
2. Net negative operating cash flows for the quarter of \$1,043,000.
3. Cash at end of quarter of \$56,000.

In light of the information contained in the Appendix 5B please respond to each of the following questions.

1. Is it possible to conclude on the basis of the information provided that if the Company were to continue to expend cash at the rate for the quarter indicated by the Appendix 5B, taking into account future administration costs, the Company may not have sufficient cash to fund its activities. Is this the case, or are there other factors that should be taken into account in assessing the Company's position?
2. Does the Company expect that in the future it will have negative operating cash flows similar to that reported in the Appendix 5B for the quarter and, if so, what steps has it taken to ensure that it has sufficient funds in order to continue its operations at that rate?
3. What steps has the Company taken, or what steps does it propose to take, to enable it to continue to meet its business objectives?
4. Can the Company confirm that it is in compliance with the listing rules, and in particular, listing rule 3.1?
5. Please comment on the Company's compliance with listing rule 12.2, with reference to the matters discussed in the note to the rule.

Listing rule 3.1

Listing rule 3.1 requires an 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. The exceptions to this requirement are set out in the rule.

In responding to this letter you should consult listing rule 3.1 and the guidance note titled "Continuous disclosure: listing rule 3.1".

If the information requested by this letter is information required to be given to ASX under listing rule 3.1 your obligation is to disclose the information immediately.

Your responsibility under listing rule 3.1 is not confined to, or necessarily satisfied by, answering the questions set out in this letter.

This letter and your response may be released to the market. If you have any concerns about your response being released, please contact me immediately. Your response should be sent to me by **email or facsimile number (08) 9221 2020**. It should not be sent to the Market Announcements Office.

Unless the information is required immediately under listing rule 3.1, a response is requested as soon as possible and, in any event, not later than **half an hour before the commencement of trading (6:30 am WST) on Tuesday, 19 August 2014**.

If you are unable to respond by the time requested you should consider a request for a trading halt in the Company's securities.

If you have any queries, please do not hesitate to contact me on 9224 0053.

Yours sincerely,

[sent electronically without signature]

Sebastian Bednarczyk
Senior Adviser, Listings Compliance (Perth)