

**SIHAYO GOLD LTD**

**ABN 77 009 241 374**

**NOTICE OF ANNUAL GENERAL MEETING**

**PROXY FORM**

**AND**

**EXPLANATORY MEMORANDUM**

**DATE OF MEETING**

Weds 30th November 2016

**TIME OF MEETING**

10:00am

**PLACE OF MEETING**

Stantons International

Level 2, 1 Walker Ave

West Perth WA. 6005

# SIHAYO GOLD LTD

ABN 77 009 241 374

## NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting of shareholders of Sihayo Gold Limited ("Company") will be held at Stantons International , Level 2, 1Walker Ave, West Perth, 6005 on Wednesday 30<sup>th</sup> November 2016, at 10:00am.

An Explanatory Memorandum containing information in relation to each of the following Resolutions accompanies this Notice of Annual General Meeting.

### AGENDA

#### BUSINESS

To receive and consider the annual financial report of the Company and the reports of the directors and the auditors for the financial year ended 30 June 2016.

To consider and if thought fit, to pass, with or without amendment, the following resolutions as **ordinary resolutions**:-

#### 1. Resolution 1. Adoption of Remuneration Report (Non-binding)

☐ "That the remuneration report as contained within the Directors' Report and forming part of the Company's 2016 Annual Report, which accompanied the notice convening this meeting, be adopted."

*Note: the vote on this resolution is advisory only and does not bind the Directors or the Company. Shareholders are encouraged to read the Explanatory Memorandum for further details on the consequences of voting on this Resolution.*

**Voting Exclusion Statement:** The Company will disregard any votes cast on Resolution 1 by or on behalf of a Restricted Voter<sup>1</sup>. However, the Company need not disregard a vote if:

- (a) it is cast by a person as a proxy appointed by writing that specifies how the proxy is to vote on the proposed resolution; and
- (b) it is not cast on behalf of a Restricted Voter.

Further, the Company will not disregard a vote cast by the Chair of the meeting as a proxy, if the appointment of the Chair expressly authorises the Chair to exercise the proxy even though the Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel. Shareholders should note that the Chair intends to vote any undirected proxies in favour of Resolution 1. Shareholders may also choose to direct the Chair to vote against Resolution 1 or to abstain from voting.

#### 2. Resolution 2. Re-election of Misha Collins as a Director

☐ "That, Mr Misha Collins, who retires in accordance with clause 13.2 of the Company's Constitution and being eligible, offers himself for re-election, be re-elected as a Director."

<sup>1</sup> Restricted Voter means Key Management Personnel and the Closely Related Parties as defined in the glossary.

Pursuant to the Company's Constitution, one-third of the directors of the Company (other than the managing director) must retire at each Annual General Meeting and being eligible may offer themselves for re-election.

### 3. Resolution 3. Approval of 10% Placement Capacity

To consider and, if thought fit, pass the following resolution as a **special resolution**:

"That, for the purposes of Listing rule 7.1A and for all other purposes, approval is given for the issue of equity securities totalling up to 10% of the issued capital of the Company at the time of issue, calculated in accordance with the formula prescribed in Listing Rule 7.1A.2 and on the terms and conditions set out in the Explanatory Statement."

The Company will disregard any votes cast on this Resolution by any person who may participate in the issue of Equity Securities under this Resolution and a person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if the Resolution is passed and any associates of those persons. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

A Proxy Form is attached and to be valid must be received by the Company no later than 10:00am (WST) on 28th November 2016. Proxy forms received later than this time will be invalid.

By Post at:	PO BOX A2020, South Sydney NSW 1235
By Facsimile:	+61 8 9315 2233
By Email:	registrar@securitytransfer.com.au
In Person	The Trust Building, Suite 511 155 King Street Sydney NSW 2000 AUSTRALIA

Capitalised terms used in the Notice and in the Explanatory Memorandum are defined in the glossary at the end of the Explanatory Memorandum.

By order of the Board  
Dated 26 October 2016

  
Daniel Nolan  
Company Secretary

## **How to vote**

Shareholders can vote by either:

- attending the meeting and voting in person or by attorney or, in the case of corporate shareholders, by appointing a corporate representative to attend and vote; or
- appointing a proxy to attend and vote on their behalf using the proxy form accompanying this Notice of Meeting and by submitting their proxy appointment and voting instructions in person, by post, or by facsimile.

## **Voting in person (or by attorney)**

Shareholders, or their attorneys, who plan to attend the meeting are asked to arrive at the venue 10 minutes prior to the time designated for the meeting, if possible, so that their holding may be checked against the Company's share register and attendance recorded. Attorneys should bring with them an original or certified copy of the power of attorney under which they have been authorised to attend and vote at the meeting.

## **Voting by a Corporation**

A Shareholder that is a corporation may appoint an individual to act as its representative and vote in person at the meeting. The appointment must comply with the requirements of section 250D of the Corporations Act. The representative should bring to the meeting evidence of his or her appointment, including any authority under which it is signed.

## **Voting by proxy**

- A Shareholder entitled to attend and vote is entitled to appoint not more than two proxies. Each proxy will have the right to vote on a poll and also to speak at the meeting.
- The appointment of the proxy may specify the proportion or the number of votes that the proxy may exercise. Where more than one proxy is appointed and the appointment does not specify the proportion or number of the shareholder's votes each proxy may exercise, the votes will be divided equally among the proxies (i.e. where there are two proxies, each proxy may exercise half of the votes).
- A proxy need not be a shareholder.
- The proxy can be either an individual or a body corporate.
- If a proxy is not directed how to vote on an item of business, the proxy may generally vote, or abstain from voting, as they think fit. However, where a Restricted Voter is appointed as a proxy, the proxy may only vote on Resolutions 2 and 3, if the proxy is the Chair of the Meeting and the appointment expressly authorises the Chair to exercise the proxy even if the Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel.
- Should any resolution, other than those specified in this Notice, be proposed at the meeting, a proxy may vote on that resolution as they think fit.
- If a proxy is instructed to abstain from voting on an item of business, they are directed not to vote on the shareholder's behalf on the poll and the shares that are the subject of the proxy appointment will not be counted in calculating the required majority.
- Shareholders who return their proxy forms with a direction how to vote but do not nominate the identity of their proxy will be taken to have appointed the Chairman of the meeting as their proxy to vote on their behalf. If a proxy form is returned but the nominated proxy does not attend the meeting, the Chairman of the meeting will act in place of the nominated proxy and vote in accordance with any instructions. Proxy appointments in favour of the Chairman of the meeting, the secretary or any Director that do not contain a direction how to vote will be used where possible to support each of the resolutions proposed in this Notice, provided they are entitled to cast votes as a proxy under the voting exclusion rules which apply to some of the proposed resolutions. These rules are explained in this Notice.
- To be effective, proxies must be lodged by 10:00am (WST) on 28th November 2016. Proxies lodged after this time will be invalid.
- Proxies may be lodged in person, by post, by email or by facsimile.  
The proxy form must be signed by the shareholder or the shareholder's attorney. Proxies given by corporations must be executed in accordance with the Corporations Act. Where the appointment of a proxy is signed by the appointer's attorney, a certified copy of the power of attorney, or the power itself, must be received by the Company by 10.00 am (WST) on 28th November 2016. If facsimile or email transmission is used, the power of attorney must be certified.

## **Shareholders who are entitled to vote**

In accordance with Regulations 7.11.37 and 7.11.38 of the Corporations Regulations 2001, the Board has determined that a person's entitlement to vote at the Annual General Meeting will be the entitlement of that person set out in the Register of Shareholders as at 5.00pm (WST) on 28th November 2016.

**SIHAYO GOLD LTD**

**ABN 77 009 241 374**

**EXPLANATORY STATEMENT**

This Explanatory Statement is for the information of Shareholders of Sihayo Gold Ltd ("Company") in connection with Resolutions to be considered at the Annual General Meeting of Sihayo to be held on Wednesday, 30th November 2016 at 10:00am.

The Directors recommend that Shareholders read this Explanatory Memorandum in full before making any decision in relation to the Resolutions.

Terms used in this Explanatory Memorandum will, unless the context otherwise requires, have the same meaning given to them in the glossary as contained in this Explanatory Memorandum.

At the AGM, Shareholders will be asked to consider the following as ordinary resolutions requiring to be passed by a simple majority of votes cast by the Shareholders entitled to vote on it:

- Adopting the remuneration report, this resolution is advisory only.
- Re-electing Mr Misha Collins as a director who retires by rotation in accordance with the Company's constitution

At the AGM, Shareholders will be asked to consider the following as a special resolution, requiring to be passed by 75% of votes cast by the Shareholders entitled to vote on it:

- Approval Of 10% Placement Capacity

**Financial and Other Reports**

As required by section 317 of the Corporations Act, the financial statements for the year ended 30 June 2016 and the accompanying Directors' Report, Directors' Declaration and Auditor's Report will be laid before the meeting.

Neither the Corporations Act, nor the Company's Constitution requires a vote on the reports. However, the shareholders will have an opportunity to ask questions about the report and on the business, operations and management of the Company at the annual general meeting.

The Chairman will also provide shareholders a reasonable opportunity to ask the auditor questions relevant to:

- the conduct of the audit;
- the preparation and content of the independent audit report;
- the accounting policies adopted by the Company in relation to the preparation of the accounts; and
- the independence of the auditor in relation to the conduct of the audit.

**Resolution 1- Remuneration Report**

As required by section 250R(2) of the Corporations Act, the Board is presenting the Remuneration Report to Shareholders for consideration and adoption by a non – binding vote.

The Remuneration Report contains:

- information about Board policy for determining the nature and amount of remuneration of the Company's Directors and senior executives;
- a description of the relationship between remuneration policy and the Company's performance;

- a summary of performance conditions, including a summary of why they were chosen and how performance is measured against them; and
- remuneration details for each Director and for each of the Company's specified executives.

The Directors' Report (in the Company's Annual Report) contains a report of key management personnel's remuneration. The remuneration report is submitted to shareholders for consideration and adoption. For further information on the Company's remuneration policy, shareholders may refer the Company's Corporate Governance Policy. Copies of the Company's Annual Report and Corporate Governance Policy are all available on its website [www.sihayogold.com.au](http://www.sihayogold.com.au)

However, if at least 25% of the votes cast are against adoption of the Remuneration Report at the 2016 AGM, and then again at the 2017 AGM, the Company will be required to put a resolution to the 2017 AGM, to approve calling a general meeting (spill resolution). If more than 50% of Shareholders vote in favour of the spill resolution, the Company must convene a general meeting (spill meeting) within 90 days of the 2017 AGM. All of the Directors who were in office when the 2017 Directors' Report was approved, other than the Managing Director, will (if desired) need to stand for re-election at the spill meeting.

The Board unanimously recommends that the shareholders vote in favour of the resolution to adopt the current remuneration report.

Shareholders are advised that a voting exclusion applies to Resolution 1 in the terms set out in the Notice of Meeting. In particular, the directors and other Restricted Voters may not vote on this resolution and may not cast a vote as proxy, unless the appointment gives a direction on how to vote or the proxy is given to the Chair and expressly authorises the Chair to exercise your proxy even if the resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel. The Chair will use any such proxies to vote in favour of this Resolution.

Shareholders are urged to carefully read the proxy form and provide a direction to the proxy on how to vote on this Resolution.

### **Resolution 2. To Re-elect Misha Collins as a Director**

Clause 13.2 of the Company's Constitution provides that at each Annual General Meeting, one-third of the Directors (except the Managing Director) or any other director, if he does not retire, who at the conclusion of the meeting have been in office for 3 or more years and for 3 or more AGMs since he or she was last elected to office, must retire from office as directors.

Accordingly, Mr Misha Collins retires by rotation and submits himself for re-election.

### **Resolution 3 – Approval Of 10% Placement Capacity**

#### **3.1 General**

ASX Listing Rule 7.1A provides that an Eligible Entity may, seek Shareholder approval to allow it to issue Equity Securities up to 10% of its issued capital over a period up to 12 months after the annual general meeting (10% Placement Capacity).

The Company is an Eligible Entity.

If Shareholders approve Resolution 3, the number of Equity Securities the Eligible Entity may issue under the 10% Placement Capacity will be determined in accordance with the formula prescribed in ASX Listing Rule 7.1A.2 (as set out in Section 3.2 below).

The effect of Resolution 3 will be to allow the Directors to issue Equity Securities up to 10% of the Company's fully paid ordinary securities on issue under the 10% Placement Capacity during the

period up to 12 months after the Meeting, without subsequent Shareholder approval and without using the Company's 15% annual placement capacity under listing rule 7.1.

Resolution 3 is a special resolution. Accordingly, at least 75% of votes cast by Shareholders present and eligible to vote at the Meeting must be in favour of Resolution 3 for it to be passed.

### **3.2 ASX Listing Rule 7.1A**

ASX Listing Rule 7.1A came into effect on 1 August 2012 and enables an Eligible Entity to seek shareholder approval at its annual general meeting to issue Equity Securities in addition to those under the Eligible Entity's 15% annual placement capacity.

An Eligible Entity is one that, as at the date of the relevant annual general meeting:

- (a) is not included in the S&P/ASX 300 Index; and
- (b) has a maximum market capitalisation (excluding restricted securities and securities quoted on a deferred settlement basis) of \$300,000,000.

The Company is an Eligible Entity as it is not included in the S&P/ASX 300 Index and has a current market capitalisation of \$31.7m based on a closing price of \$0.023 on 25/10/16 and 1,256,424,605 shares on issue.

The Equity Securities must be in the same class as an existing class of quoted Equity Securities. The Company currently has only one class of Equity Securities on issue, being the Shares.

The exact number of Equity Securities that the Company may issue under an approval under Listing Rule 7.1A will be calculated according to the following formula:

$$(A \times B) - C$$

Where:

A is the number of Shares on issue 12 months before the date of issue or agreement:

- (a) plus the number of Shares issued in the previous 12 months under an exception in ASX Listing Rule 7.2;
- (b) plus the number of partly paid shares that became fully paid in the previous 12 months;
- (c) plus the number of Shares issued in the previous 12 months with approval of holders of shares under rule 7.1 or rule 7.4.; and
- (d) less the number of Shares cancelled in the previous 12 months.

B is 10%.

C is the number of Equity Securities issued or agreed to be issued under ASX Listing Rule 7.1A.2 in the 12 months before the date of issue or agreement to issue that are not issued with the approval of holders of Ordinary Securities under ASX Listing Rule 7.1 or 7.4.

### **3.3 Technical information required by ASX Listing Rule 7.1A**

Pursuant to and in accordance with ASX Listing Rule 7.3A, the information below is provided in relation to this Resolution 3:

#### **(a) Minimum Price**

The minimum price at which the Equity Securities may be issued is 75% of the volume weighted average price of Equity Securities in that class, calculated over the 15 ASX trading days on which trades in that class were recorded immediately before:

- (i) the date on which the price at which the Equity Securities are to be issued is agreed; or
- (ii) if the Equity Securities are not issued within 5 ASX trading days of the date in paragraph 3.3(a)(i), the date on which the Equity Securities are issued.

## (b) Date of Issue

The Equity Securities may be issued under the 10% Placement Capacity commencing on the date of the Meeting and expiring on the first to occur of the following:

- (i) 12 months after the date of this Meeting; and
- (ii) the date of approval by Shareholders of any transaction under ASX Listing Rules 11.1.2 (a significant change to the nature or scale of the Company's activities) or 11.2 (disposal of the Company's main undertaking).

or such longer period if allowed by ASX (10% Placement Capacity Period).

## (c) Risk of voting dilution.

Any issue of Equity Securities under the 10% Placement Capacity will dilute the interests of Shareholders who do not receive any Shares under the issue.

If Resolution 3 is approved by Shareholders and the Company issues the maximum number of Equity Securities available under the 10% Placement Capacity, the economic and voting dilution of existing Shares would be as shown in the table below.

The table below shows the dilution of existing Shareholders calculated in accordance with the formula outlined in ASX Listing Rule 7.1A.2, on the basis of the current market price of Shares and the current number of Equity Securities on issue as at the date of this Notice.

The table also shows the voting dilution impact where the number of Shares on issue (variable A in the formula) changes and the economic dilution where there are changes in the issue price of Shares issued under the 10% Placement Capacity.

Number of shares on issue	Issue Price per share	50% decrease in current share price	Current issue price	50% increase in current share price
1,586,424,605	Shares issued	158,642,461	158,642,461	158,642,461
(current)*	Funds raised	\$1,824,388	\$3,648,777	\$5,473,165
2,379,636,908	Shares issued	237,963,691	237,963,691	237,963,691
(50% increase)*	Funds raised	\$2,736,582	\$5,473,165	\$8,209,747
3,172,849,210	Shares issued	317,284,921	317,284,921	317,284,921
(100% increase)*	Funds raised	\$3,648,777	\$7,297,553	\$10,946,330

\* The number of Shares on issue (variable A in the formula) could increase as a result of the issue of Shares that do not require Shareholder approval (such as under a pro-rata rights issue or scrip issued under a takeover offer) or that are issued with Shareholder approval under Listing Rule 7.1.



The table above uses the following assumptions:

1. The current shares on issue are the Shares on issue as at 25 October 2016.
2. The issue price set out above is the closing price of the Shares on the ASX on 25 October 2016.
3. The Company issues the maximum possible number of Equity Securities under the 10% Placement Capacity and the Equity Securities issued will each be Shares.
4. In the 12 months prior to the Meeting, the Company has not issued any Equity Securities that were not either under an exception in ASX Listing Rule 7.2 or with approval under ASX Listing Rule 7.1.
5. The calculations above do not show the dilution that any one particular Shareholder will be subject to. All Shareholders should consider the dilution caused to their own shareholding depending on their specific circumstances.
6. This table does not set out any dilution pursuant to approvals under ASX Listing Rule 7.1.

Shareholders should note that there is a risk that:

- (i) the market price for the Company's Shares may be significantly lower on the issue date than on the date of the Meeting; and
- (ii) the Shares may be issued at a price that is at a discount to the market price for those Shares on the date of issue.

#### (d) Purpose of Issue under 10% Placement Capacity

The Company may issue Equity Securities under the 10% Placement Capacity for the following purposes:

- (i) as cash consideration in which case the Company intends to use funds raised for the acquisition of new resources, assets and investments (including expenses associated with such an acquisition), continued exploration expenditure on the Company's current assets and general working capital; or
- (ii) as non-cash consideration for the acquisition of new resources assets and investments, in such circumstances the Company will provide a valuation of the non-cash consideration as required by listing Rule 7.1A.3.

#### (e) Allocation Policy under the 10% Placement Capacity

The allottees of the Equity Securities to be issued under the 10% Placement Capacity have not yet been determined. However, the allottees of Equity Securities could consist of current Shareholders or new investors (or both), none of whom will be related parties of the Company.

The Company will determine the allottees at the time of the issue under the 10% Placement Capacity, having regard to the following factors:

- (i) the purpose of the issue;
- (ii) alternative methods for raising funds available to the Company at that time, including, but not limited to, an entitlement issue or other offer where existing Shareholders may participate;
- (iii) the effect of the issue of the Equity Securities on the control of the Company;
- (iv) the circumstances of the Company, including, but not limited to, the financial position and solvency of the Company;

- (v) prevailing market conditions; and
- (vi) advice from corporate, financial and broking advisers (if applicable).

**(f) Previous Approval under ASX Listing Rule 7.1A**

The Company has not previously sought approval from shareholders under Listing Rule 7.1A

**3.4 Voting Exclusion**

A voting exclusion statement is included in this Notice. As at the date of this Notice, the Company has not invited any existing Shareholder to participate in an issue of Equity Securities under ASX Listing Rule 7.1A.

Therefore, no existing Shareholders will be excluded from voting on Resolution 3.

**GLOSSARY**

The following terms have the following meanings in this explanatory Memorandum:

<b>Accounting Standards</b>	has the meaning given to that term in the Corporations Act.
<b>ASX</b>	means ASX Ltd ABN 98 008 624 691 and, where the context requires, the Australian Securities Exchange operated by ASX Ltd.
<b>Board</b>	means the board of Directors of the Company.
<b>Closely Related Party</b>	has the meaning given to that term in the Corporations Act.
<b>Company</b>	means Sihayo Gold Limited ABN 77 009 241 374
<b>Corporations Act</b>	means Corporations Act 2001 (Cth).
<b>Director</b>	means a director of the Company.
<b>Equity Securities</b>	Fully paid ordinary shares of the Company
<b>Explanatory Memorandum</b>	means this information attached to the Notice, which provides information to Shareholders about the Resolutions contained in the Notice.
<b>Key Management Personnel</b>	has the meaning given to that term in the Accounting Standards.
<b>Listing Rules</b>	means the listing rules of ASX.
<b>Meeting</b>	Means the Annual General Meeting of the Company held on 30 November 2016
<b>Notice or Notice of Meeting</b>	means the Notice of Annual General Meeting accompanying this Explanatory Memorandum.
<b>Resolution</b>	means a resolution contained in the Notice.

<b>Restricted Voter</b>	means the Key Management Personnel and their Closely Related Parties.
<b>Share</b>	means a fully paid ordinary share in the capital of the Company.
<b>Shareholder</b>	means a holder of Shares.
<b>WST</b>	means Australian Western Standard Time.

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