
Significant Capital Raising Undertaken to Position Sihayo for Strong Growth and Early Project Works

High impact exploration to commence soon

Summary:

- Sihayo is undertaking a significant Capital Raising to raise up to \$38.8 million (before costs), with partial underwriting and other commitments received for approximately \$32.1 million.
- Capital Raising strengthens Sihayo's balance sheet by repayment or conversion of interest-bearing debt, and positions the Company for an exciting activity programme including potentially high impact exploration and early works at its Sihayo starter project.
- Capital Raising well supported with the introduction of several new domestic and international institutions.
- Key existing shareholders have provided binding pre-commitments to participate in the Capital Raising for a total amount of approximately \$8.1 million (equalling the collective total outstanding debt and accrued interest owed by Sihayo).
- Leading Indonesian mining company Merdeka has committed to subscribe for ~\$4.9 million and undertake a conversion of an existing US\$1.5 million convertible instrument to emerge as a new strategic shareholder, with an anticipated shareholding of 7.1% (subject to shareholder and FIRB approval).
- Following completion of the Capital Raising, Sihayo to emerge with a strong cash position of up to \$25.0 million and no debt, with the support of a new strategic and institutional share register.
- In conjunction with its existing cash reserves, Sihayo proposes to use the proceeds of the Capital Raising to fund exploration, early project works, debt repayments and working capital.

Sihayo Gold Limited (ASX: SIH – “**Sihayo**”) is pleased to announce a significant capital raising comprising a placement of shares to institutional and sophisticated investors to raise \$19.7 million to be undertaken in two tranches (**Placement**) and a \$19.1 million non-renounceable entitlement offer at \$0.025 per share on the basis of one (1) new share for every three (3) shares held by existing, eligible shareholders (**Entitlement Offer**) (the Placement and the Entitlement Offer are collectively referred to as the **Capital Raising**).

Importantly, following completion of the Capital Raising, the Company will be able to fund a systematic exploration program and early works at its Sihayo Starter Project (**Project**), including testing of the exciting Hutabargot prospect. The Company will be left debt-free with a strong balance sheet.

Executive Chairman, Mr. Colin Moorhead, commenting on the Capital Raising stated:

'In our view the Sihayo Starter Project is very attractive in the current gold price environment, and upcoming exploration has the potential to re-shape the Company. This Capital Raising is an excellent outcome for Sihayo. Post completion of the Capital Raising, Sihayo will be in a materially stronger financial position to execute its near to medium-term strategy. In addition, the strong show of support from key existing shareholders as well as important new strategic and institutional shareholders is very encouraging.'

Use of Funds

Sihayo proposes to use the proceeds of the Capital Raising to fund early project construction works and other critical path items including final permitting, an exploration program, debt repayments and working capital.

Early construction works include designing and building access roads and bridges from the Trans Sumatran highway to key sites on the block and detailed design of the tailings storage facility. Long lead time items for the processing plant will be sourced and ordered to reduce overall project timeframes.

Exploration will include a drill program to better understand the Hutabargot Julu target and near mine exploration to potentially increase the mine life of the Project.

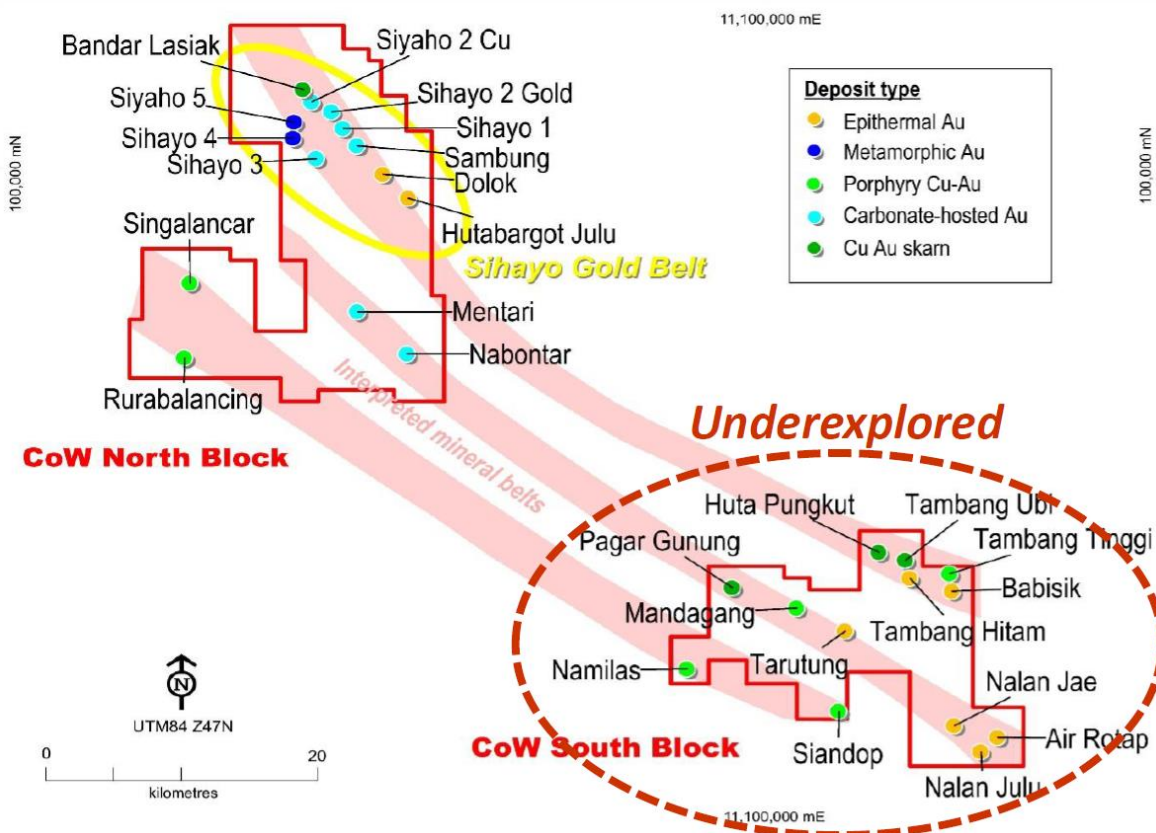


Figure 1: Sihayo Contract of Work showing identified mineral prospects

Placement Details

The majority of the Placement will be undertaken in an unconditional tranche, utilising Sihayo's existing placement capacity under ASX Listing Rules 7.1 and 7.1A through the issue of 572,466,065



fully paid ordinary shares in the capital of Sihayo (**Shares**) at an issue price of \$0.025 per Share to raise \$14.3 million (before costs).

Settlement of Tranche 1 of the Placement is expected to occur on Friday, 28 August 2020. Participants in the Placement will not be eligible to participate in the Entitlement Offer.

Under Tranche 2 of the Placement, the Company has received binding commitments from Merdeka, Mr. Gavin Caudle (Non-Executive Director of Sihayo) and Mr. Colin Moorhead (Executive Chairman of Sihayo) to subscribe for a total of 217,121,951 Shares at \$0.025 per Share, to raise approximately \$5.4 million, subject to Sihayo shareholder approval and (as applicable) Foreign Investment Review Board (**FIRB**) approval.

A notice convening a general meeting of Sihayo shareholders seeking approval for the issue of Shares under the Tranche 2 Placement will be provided in due course.

As announced on 30 July 2020, the Company entered into a convertible instrument with Merdeka with a face value of US\$1.5 million. This instrument will be converted into Shares at \$0.025 per Share, subject to Sihayo shareholder approval and FIRB approval.

Following completion of the Tranche 2 Placement and the conversion of Merdeka's convertible instrument to the Company, Merdeka will emerge as a new strategic shareholder with an anticipated shareholding of 7.1%.

Entitlement Offer

The Entitlement Offer will raise up to approximately \$19.1 million and is being made to all shareholders of Sihayo named on its register of members at 5:00pm on Wednesday, 26 August 2020, whose registered address is in Australia, New Zealand, France, Germany, Hong Kong, Indonesia, Liechtenstein, Malaysia, Netherlands, Singapore, Switzerland or the United Kingdom, as well as to shareholders who are institutional or professional investors in certain other countries.

The Board recommends all eligible Shareholders take up their entitlements and advises that all Directors intend to take up their respective entitlements.

Eligible shareholders who are existing creditors of Sihayo may elect to take up some or all of their entitlement by means of the conversion of existing debts (**Debt Conversion Facility**). The conversion will be undertaken on a dollar for dollar basis at the issue price of the Entitlement Offer (being \$0.025 per Share), subject to foreign exchange conversion, and, in the case of any fractional entitlements, the number of Shares arising from the conversion shall be rounded up to the nearest whole number. Further details of the Debt Conversion Facility will be set out in a prospectus to be released to the ASX (**Prospectus**).

Key shareholders (Provident Minerals Pte Ltd, PT Saratoga Investama Sedaya, Goldstar Asia Mining Resources (L) Berhad and Asian Metal Mining Developments Ltd, with an aggregate current shareholding of approximately 63.7%) have provided binding pre-commitments to participate in the Entitlement Offer via the Debt Conversion Facility for a total amount equal to the debt owed to them by the Company at Capital Raising completion (estimated to be approximately \$8.1 million).

Argonaut Capital Ltd, Bell Potter and CLSA (together, the **Joint Underwriters**) have agreed to underwrite the T1 Placement of \$14.3 million. The Joint Underwriters have also partially underwritten the Entitlement Offer (\$1.3m) and have received binding Entitlement Offer pre-commitments (\$8.1m) or shortfall commitments (\$2.8m) for an aggregate of approximately \$12.3 million.

Further details of the underwriting and sub-underwriting will be set out in the Prospectus.

Further details of the Entitlement Offer, including details on how to accept the offer and key risks of the Entitlement Offer will be set out in the Prospectus. Eligible Shareholders will be mailed a copy of the Prospectus together with an Entitlement and Acceptance Form no later than Monday, 31 August 2020. Shareholders eligible to participate in the Entitlement Offer should read the Prospectus carefully and consult their professional advisers as necessary.

A copy of the Prospectus can also be accessed at www.sihayogold.com, once the Entitlement Offer opens. If you wish to access the online application system, you will need to provide your Holder Identification Number (HIN) or Securityholder Reference Number (SRN) and postcode and follow the instructions provided including making payment by BPAY®.

Indicative Timetable for the Capital Raising

Outlined below is an indicative timetable of relevant events and dates relating to the Capital Raising. These events and dates are indicative only and subject to change.

Event	Date
Announcement of Offer and Appendix 3B with ASX and lodgement of Prospectus with ASIC	Thursday, 20 August 2020
Notice sent to Ineligible Shareholders	Thursday, 20 August 2020
Ex date	Tuesday, 25 August 2020
Record Date for determining Entitlements	Wednesday, 26 August 2020
Issue date of the Tranche 1 Placement Securities	Friday, 28 August 2020
Prospectus and Entitlement and Acceptance Forms sent out to Shareholders and Company announces this has been completed	Monday, 31 August 2020
Last day to extend Closing Date*	Wednesday, 9 September 2020
Closing Date*	Monday, 14 September 2020
Announcement of results of issue	Thursday, 17 September 2020
Issue date of Entitlement Offer Securities and lodgement of Appendix 2A with ASX applying for quotation (before noon Sydney time)	Monday, 21 September 2020
Dispatch of holding statements for Entitlement Offer Securities	Tuesday, 22 September 2020
Receipt of FIRB no objection in relation to Tranche 2 Placement Securities	Wednesday, 30 September 2020
General meeting of shareholders of Offeror in relation to issue of Tranche 2 Placement Securities	Friday, 16 October 2020
Settlement Date of Tranche 2 Placement Securities**	Monday, 19 October 2020

*The Directors may, in consultation with the Joint Lead Managers, extend the Closing Date by giving at least 3 Business Days' notice to ASX prior to the Closing Date. As such the date the Shares are expected to commence trading on ASX may vary.

**Subject to the receipt of Sihayo shareholder and FIRB approval by this date.

Argonaut Securities Pty Limited (**Argonaut**), Bell Potter Securities Limited (**Bell Potter**) and CLSA Australia Pty Ltd (**CLSA**) acted as the Joint Lead Managers to the Capital Raising.

C/- McCullough Robertson 11/66 Eagle St, Brisbane, QLD. 4000

Telephone: +61 427 401198

Web: www.sihayogold.com e-mail: sihayogold@sihayogold.com

ABN: 77 009 241 374



Argonaut Securities (Asia) Limited is acting as exclusive financial adviser while Steinepreis Paganin is acting as exclusive legal adviser to Sihayo.

This announcement has been authorised for release by the Board of Directors of Sihayo.

For further information please contact:

Colin Moorhead

Executive Chairman

colin.moorhead@sihayogold.com

20 August 2020

This announcement has been prepared for publication in Australia and may not be released to US wire services or distributed in the United States. This announcement does not constitute an offer to sell, or a solicitation of an offer to buy, securities in the United States or any other jurisdiction. Any securities described in this announcement have not been, and will not be, registered under the US Securities Act of 1933 and may not be offered or sold in the United States except in transactions exempt from, or not subject to, the registration of the US Securities Act and applicable US state securities laws.