

6 Feb. 13

Wade Baggott  
Senior Advisor , Listings Compliance (Perth)

*By Email*

Dear Wade,

I refer to your correspondence of 4 February 2013.

The Company provides the following response to your 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, 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 is in the final phase of its Definitive Feasibility Study (DFS), which is expected to be completed by June 2013. The Company has enjoyed the financial support of its major shareholders and expects this to continue through feasibility, construction and into production. The process to raise equity has commenced to ensure sufficient funds are raised to allow the Company continue its planned operations. The terms of the proposed equity placement have not yet been finalised and the existence of the proposed equity placement has remained confidential.

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 future negative operating cash flows similar to that reported for the last quarter until the beginning of the construction phase of the project. As mentioned above, an equity placement is proposed to ensure the Company has sufficient funds to continue its planned operations.

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?

As noted above, the Company intends to raise funds through an equity placement to allow it to continue its planned operations until project financing is obtained to fund the construction of the mine and processing facilities through to the generation of positive cash flow from the sale of gold.

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

The Company confirms that it is in compliance with the Listing Rules including its continuous disclosure requirements under Listing Rule 3.1. The Company is aware of the importance of striking an appropriate balance between timely disclosure of material matters and disclosure of incomplete or indefinite matters which may mislead investors.

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 JORC compliant confirmed resource of approximately 1.5m oz of gold, a DFS in the final stages of completion and a track record of financial support from shareholders which the Company expects will continue until project financing is obtained to fund construction through to production. The Company intends to raise funds through an equity placement, the terms of which have not yet been finalised.

Regards,



Danny Nolan  
Company Secretary



ASX Compliance Pty Limited  
ABN 26 087 780 489  
Level 8 Exchange Plaza  
2 The Esplanade  
PERTH WA 6000

GPO Box D187  
PERTH WA 6840

Telephone 61 8 9224 0000  
Facsimile 61 8 9221 2020  
[www.asx.com.au](http://www.asx.com.au)

4 February 2013

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

*By Email*

Dear Danny

**Sihayo Gold Limited ("Company")**

I refer to the Company's Quarterly Cashflow Report in the form of Appendix 5B for the period ended 31 December 2012, released to ASX Limited ("ASX") on 31 January 2013 (the "Appendix 5B").

ASX notes that the Company has reported the following.

1. Receipts from product sales of nil.
2. Net negative operating cash flows for the quarter of \$3,985,000.
3. Estimated exploration and evaluation cash outflows of \$3,700,000.
4. Estimated administration cash outflows of \$300,000.
5. Cash at end of quarter of \$4,129,000.

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, 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 will 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 on **facsimile number +61 8 9221 2020** or email [wade.baggott@asx.com.au](mailto:wade.baggott@asx.com.au). It should not be sent to the Company 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 **5.00 pm WST on Thursday 7 February 2013**.

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 let me know.

Yours sincerely,

*[sent electronically without signature]*

Wade Baggott  
**Senior Adviser, Listings Compliance (Perth)**