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20 August 2020

Dear Shareholder,

SIHAYO GOLD LIMITED – PRO-RATA NON-RENOUNCEABLE ENTITLEMENT ISSUE

On 20 August 2020, Sihayo Gold Limited (ACN 009 241 374) (**Company**) announced a non-renounceable entitlement issue of one (1) fully paid ordinary share in the capital of the Company (**Share**) for every three (3) Shares held at an issue price of \$0.025 per Share to raise up to \$19,082,202 (before costs) and subject to various shareholders who may elect to convert their debt owed to them by the Company into Shares (**Debt for Equity Conversion**) on a dollar for dollar basis subject to foreign exchange conversion at an issue price of \$0.025 per Share) (**Offer**). The Offer will be made by the Company pursuant to a prospectus (**Prospectus**) prepared in accordance with section 713 of the *Corporations Act 2001 (Cth)* to be sent to shareholders on or about 31 August 2020.

The Offer is partially underwritten by Bell Potter Securities Limited (ACN 006 390 772), CLSA Australia Pty Ltd (ACN 139 992 331) and Argonaut Capital Limited (ACN 099 761 547) (together, the **Joint Underwriters**). The Company will pay the Joint Underwriters their Respective Proportion (as defined in the Prospectus) of a fee equal to 5.5% (exclusive of GST) of the proceeds of the Offer (which, for the avoidance of doubt, excludes any Shares which have been issued to shareholders who are creditors pursuant to the Debt for Equity Conversion. The Company must also reimburse the Joint Underwriters for costs incidental to the Offer.

The Company is also undertaking a placement to institutional and sophisticated investors of

789,588,016 Shares at an issue price of \$0.025 per Share to raise \$19,739,700 (before costs)

(**Placement**). The Placement is to be carried out in two tranches, comprising:

- the issue of 572,466,065 Shares pursuant to the Company's available placement capacity under ASX Listing Rules 7.1 and 7.1A under the first tranche of the Placement to raise up to \$14,311,651 (before costs) (**Tranche 1**); and
- subject to obtaining shareholder and FIRB approval (as applicable), the issue of 217,121,951 Shares under the second tranche of the Placement to raise up to \$5,378,049 (before costs).

The Company intends to apply the funds raised from the Offer and the Placement (less expenses) to fund pre-construction capital works on the Sihayo Gold Project, retire debt and commence exploration on the Hutabargot Julu prospect located in North Sumatra, Indonesia. For further details of the use of funds please refer to Section 7.1 of the Prospectus.

Tranche 1 of the Placement will settle after the Offer's record date and as such the Tranche 1 participants will not be eligible to participate in the Offer. It is intended that Tranche 1 Shares will be issued prior to the completion of the Offer.



Ineligible shareholders

A Shareholder who has a registered address outside Australia, Canada (British Columbia, Ontario and Quebec provinces only), France, Germany, Hong Kong, Indonesia, Liechtenstein, Malaysia, New Zealand, Singapore, Switzerland, United States or the United Kingdom (**Ineligible Shareholder**) will not be eligible to participate in the Offer. For the avoidance of doubt, any eligible investor with a registered address in Canada or the United States must be an Institutional Investor (as defined in the Prospectus).

You are not eligible to participate in the Offer and you will not be sent a copy of the Prospectus. This decision has been made pursuant to Listing Rule 7.7.1(a) of the ASX Listing Rules after taking into consideration the costs of complying with legal and regulatory requirements in jurisdictions outside of those referred to above, compared with the small number of Ineligible Shareholders and the number and value of Shares to which they would otherwise be entitled.

If you have any queries concerning the Offer, please contact your financial or legal adviser or Daniel Nolan, Company Secretary, on +61 427 401 198.

Yours sincerely

Danny Nolan
Director
SIHAYO GOLD LIMITED

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