

14 February 2020

Australian Stock Exchange

ListingsCompliancePerth@asx.com.au

Attention: Dale Allan, Principal Advisor
Listings Compliance (Perth)

Dear Mr Allan

Sihayo Gold Limited ("SIH"): Appendix 5B Query (Reference: 13817)

We refer to your above-referenced letter dated 11 February 2020. We have set out a separate response to each of your questions and requests for information as follows:

1. Does SIH expect that it will continue to have negative operating cash flows for the time being and, if not, why not?

SIH's primary focus is its Sihayo Gold Project ("Project") in Sumatra, Indonesia. This project is currently completing the feasibility stage of project development.

As such, SIH anticipates that it will continue to have negative operating cashflows until the completion of the Project feasibility study. The feasibility study has been delayed as a revised mineral resource estimate, incorporating all of data obtained through the recent infill drilling program, is still being finalised. The feasibility study is now expected to be completed early in the second quarter of 2020.

SIH will seek project debt and equity financing to fund construction after the completion of the feasibility study.

2. Has SIH taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?

SIH is aware that it will need interim funding to bridge the period between now and the raising of project construction financing. Major shareholders are supportive of the Project and SIH has reached in principal agreement with them to provide an interim working capital facility, in tranches as required, to complete the feasibility study. Full details of the interim funding will be released to the market as soon confidential negotiations are complete and agreements formally in place.

3. Does SIH expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

SIH expects that it will be able to continue its operations and to meet its business objectives on the basis of the interim working capital facility with its major shareholders. SIH expects these funds will be sufficient to fund its operations and meet its business objectives until the next phase of financing is in place.

SIH's Project is at a pre-production stage. SIH continues to actively de-risk and add value to the Project. The major shareholders understand the nature of the Project and the risks relating to the development of minerals projects in jurisdictions such as Indonesia. SIH's major shareholders have a well-established track record over many years of supporting the company through each stage of development.

4. Please confirm that SIH is complying with Listing Rule 3.1 and that there is no information about its financial condition that should be given to ASX in accordance with that rule that has not already been released to the market.

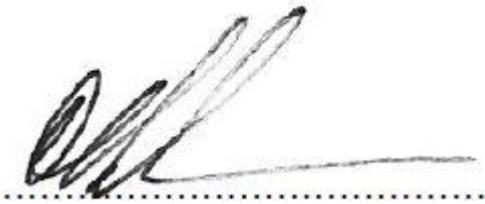
SIH has disclosed its financial condition and the actions it is taking to ensure its financial viability in the last two Quarterly Activity Statements and related Appendix 5B's. SIH believes that it is complying with Listing Rule 3.1.

Details of the revised mineral resource estimate and subsequent feasibility study will be released to the market as soon as they reach the required JORC standards.

Details of the interim funding arrangements will be released to the market as soon confidential negotiations are complete and agreements formally in place.

5. Please confirm that SIH's responses to the questions above have been authorised and approved under its published continuous disclosure policy or otherwise by its board or an officer of SIH with delegated authority from the board to respond to ASX on disclosure matters.

SIH's response to these questions have been authorised by its board by resolution dated 14 February 2020.

A handwritten signature in black ink, appearing to read "Danny Nolan", is written over a horizontal dotted line.

Danny Nolan
Company Secretary



11 February 2020

Reference: 13817

Mr Danny Nolan
Company Secretary
Sihayo Gold Limited

By email:

Dear Mr Nolan

Sihayo Gold Limited ('SIH'): Appendix 5B Query

ASX refers to SIH's Appendix 5B quarterly report for the period ended 31 December 2019 lodged with ASX Market Announcements Platform on 31 January 2020 (the 'Appendix 5B').

ASX notes that SIH has reported:

- negative net operating cash flows for the quarter of \$2,783,000;
- cash at the end of the quarter of \$1,299,000; and
- estimated cash outflows for the next quarter of \$2,400,000.

It is possible to conclude, based on the information in the Appendix 5B that if SIH were to continue to expend cash at the rate indicated by the Appendix 5B, SIH may not have sufficient cash to continue funding its operations.

In view of that, ASX asks SIH to respond separately to each of the following questions and requests for information:

1. Does SIH expect that it will continue to have negative operating cash flows for the time being and, if not, why not?
2. Has SIH taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?
3. Does SIH expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?
4. Please confirm that SIH is complying with Listing Rule 3.1 and that there is no information about its financial condition that should be given to ASX in accordance with that rule that has not already been released to the market.
5. Please confirm that SIH's responses to the questions above have been authorised and approved under its published continuous disclosure policy or otherwise by its board or an officer of SIH with delegated authority from the board to respond to ASX on disclosure matters.

When and where to send your response

This request is made under Listing Rule 18.7. Your response is required as soon as reasonably possible and, in any event, by no later than **2:00 PM AWST Friday, 14 February 2020**. If we do not have your response by then, ASX will have no choice but to consider suspending trading in SIH's securities under Listing Rule 17.3. You should note that if the information requested by this letter is information required to be given to ASX under Listing Rule 3.1 and it does not fall within the exceptions mentioned in Listing Rule 3.1A, SIH's obligation is to

disclose the information “immediately”. This may require the information to be disclosed before the deadline set out in the previous paragraph.

ASX reserves the right to release a copy of this letter and your response on the ASX Market Announcements Platform under Listing Rule 18.7A. Accordingly, your response should be in a form suitable for release to the market.

Your response should be sent to me by e-mail at ListingsCompliancePerth@asx.com.au. It should not be sent directly to the ASX Market Announcements Office. This is to allow me to review your response to confirm that it is in a form appropriate for release to the market, before it is published on the ASX Market Announcements Platform.

Listing Rule 3.1 and Listing Rule 3.1A

Listing Rule 3.1 requires a listed 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. Exceptions to this requirement are set out in Listing Rule 3.1A. In responding to this letter, you should have regard to SIH’s obligations under Listing Rules 3.1 and 3.1A and also to Guidance Note 8 *Continuous Disclosure: Listing Rules 3.1 – 3.1B*. It should be noted that SIH’s obligation to disclose information under Listing Rule 3.1 is not confined to, nor is it necessarily satisfied by, answering the questions set out in this letter.

Trading halt

If you are unable to respond to this letter by the time specified above, you should discuss with us whether it is appropriate to request a trading halt in SIH’s securities under Listing Rule 17.1. If you wish to request a trading halt, you must tell us:

- the reasons for the trading halt;
- how long you want the trading halt to last;
- the event you expect to happen that will end the trading halt;
- that you are not aware of any reason why the trading halt should not be granted; and
- any other information necessary to inform the market about the trading halt, or that we ask for.

We may require the request for a trading halt to be in writing. The trading halt cannot extend past the commencement of normal trading on the second day after the day on which it is granted.

You can find further information about trading halts in Guidance Note 16 *Trading Halts & Voluntary Suspensions*.

Enquiries

If you have any queries or concerns about any of the above, please contact me immediately.

Yours sincerely

Dale Allen
Principal Adviser, Listings Compliance (Perth)