

19 May 2017

Jeremy Newman  
Senior Advisor, ASX Listings Compliance (Perth)

By Email

Dear Jeremy,

I refer to your correspondence of 17 May 2017.

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?

Sihayo Gold Ltd is in the process of allocating shortfall shares from the Non Renounceable Entitlement Issue which closed on 28 Feb 2017. Some of the shortfall shares will be allocated to selected investors and the balance with the Underwriter and major shareholder, Provident Minerals Pte Ltd.

The allocation of the shortfall shares will provide the company with \$1,076,823.

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 does expect to have similar negative operating cashflows for the coming quarter as it completes the previously announced Feasibility Optimisation Study.

The receipt of \$1,076,823 will be sufficient to fund the completion of the study.

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?

The company has the commitment from its 2 major shareholders to continue to fund the operations of the company until the Feasibility Optimisation Study is complete. This commitment has been demonstrated previously through the underwriting of multiple share issues and through the provision of loans.

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.



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 completed DFS, and a track record of financial support from shareholders which the company expects will continue until completion of the Feasibility Optimisation Study and then eventually through to project financing to fund construction to production.

Regards,

A handwritten signature in black ink, appearing to read "DN", is positioned above a horizontal dotted line.

Danny Nolan  
Company Secretary



17 May 2017

Mr Danny Nolan  
Company Secretary  
Sihayo Gold Limited

*By email: danny.nolan@sihayogold.com*

Dear Mr Nolan

**Sihayo Gold Limited (the “Company”): Appendix 5B query**

I refer to the Company’s Quarterly Report in the form of Appendix 5B for the period ended 31 March 2017, released to ASX Limited (“ASX”) on 28 April 2017 (the “Appendix 5B”).

ASX notes that the Company has reported the following.

1. Receipts from product sales of \$0.
2. Net negative operating cash flows for the quarter of \$484,000.
3. Estimated cash outflows of \$620,000
4. Cash at end of quarter of \$146,000.

In light of the information contained in the Appendix 5B, please respond to each of the following questions.

1. It is 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 rules 3.1 – 3.1B".

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 [tradinghaltsp Perth@asx.com.au](mailto:tradinghaltsp Perth@asx.com.au). It should not be sent to ASX Market Announcements.

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 **2.00 pm WST on Monday, 22 May 2017**.

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]*

Jeremy Newman  
**Senior Adviser, ASX Listings Compliance**