

SIHAYO GOLD LIMITED
ACN 009 241 374

ENTITLEMENT ISSUE PROSPECTUS

For a non-renounceable entitlement issue of one (1) Share for every four (4) Shares held by those Shareholders registered at the Record Date at an issue price of \$0.015 per Share to raise up to \$6,953,485 (based on the number of Shares on issue as at the date of this Prospectus) (**Offer**).

The Offer is fully underwritten by Provident Minerals Pte Ltd (**Underwriter**). Refer to Section 8.5 for details regarding the terms of the Underwriting Agreement.

IMPORTANT NOTICE

This document is important and should be read in its entirety. If after reading this Prospectus you have any questions about the securities being offered under this Prospectus or any other matter, then you should consult your stockbroker, accountant or other professional adviser.

The Shares offered by this Prospectus should be considered as speculative.

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1. CORPORATE DIRECTORY

Directors

Misha Collins (Non-Executive Chairman)
Gavin Caudle (Non-Executive Director)
Stuart Gula (Non-Executive Director)
Daniel Nolan (Executive Director)

Company Secretary

Daniel Nolan

Share Registry*

Security Transfer Registrars Pty Ltd
770 Canning Highway
Applecross WA 6153

Telephone: 1300 992 916
Facsimile: +61 8 9315 2233

[Auditor]*

Stantons International Audit and
Consulting Pty Ltd
Level 2
1 Walker Avenue
West Perth WA 6005

Registered Office

C/- McCullough Robertson
11/66 Eagle Street
Brisbane QLD 4000

Telephone: + 61 427 401 198
Facsimile: +61 7 3399 3172

Email: sihayogold@sihayogold.com
Website: www.sihayogold.com

Solicitors

Steinepreis Paganin
Lawyers and Consultants
Level 4, The Read Buildings
16 Milligan Street
Perth WA 6000

Underwriter

Provident Minerals Pte Ltd
80 Raffles Place
#51-02 UOB Plaza 1
Singapore 048624

*This entity is included for information purposes only. It has not been involved in the preparation of this Prospectus and has not consented to being named in this Prospectus.

2. TIMETABLE

| | |
|---|--------------------------|
| Lodgement of Prospectus with ASIC | Friday, 22 March 2019 |
| Lodgement of Prospectus and Appendix 3B with ASX | Friday, 22 March 2019 |
| Notice sent to Shareholders | Tuesday, 26 March 2019 |
| Ex date | Wednesday, 27 March 2019 |
| Record Date for determining Entitlements | Thursday, 28 March 2019 |
| Prospectus sent out to Shareholders and Company announces this has been completed | Tuesday, 2 April 2019 |
| Last day to extend Closing Date* | Monday, 8 April 2019 |
| Closing Date* | Thursday, 11 April 2019 |
| Shares quoted on a deferred settlement basis | Friday, 12 April 2019 |
| ASX notified of under subscriptions | Tuesday, 16 April 2019 |
| Issue date/Shares entered into Shareholders' security holdings | Thursday, 18 April 2019 |
| Quotation of Shares issued under the Offer* | Tuesday, 23 April 2019 |

*The Directors may 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.

3. IMPORTANT NOTES

This Prospectus is dated 22 March 2019 and was lodged with the ASIC on that date. The ASIC and its officers take no responsibility for the contents of this Prospectus or the merits of the investment to which this Prospectus relates.

No Shares may be issued on the basis of this Prospectus later than 13 months after the date of this Prospectus.

No person is authorised to give information or to make any representation in connection with this Prospectus, which is not contained in the Prospectus. Any information or representation not so contained may not be relied on as having been authorised by the Company in connection with this Prospectus.

It is important that investors read this Prospectus in its entirety and seek professional advice where necessary. The Shares the subject of this Prospectus should be considered highly speculative.

Applications for Shares offered pursuant to this Prospectus can only be submitted on an original Entitlement and Acceptance Form or Shortfall Application Form.

This Prospectus is a transaction specific prospectus for an offer of continuously quoted securities (as defined in the Corporations Act) and has been prepared in accordance with section 713 of the Corporations Act. It does not contain the same level of disclosure as an initial public offering prospectus. In making representations in this Prospectus regard has been had to the fact that the Company is a disclosing entity for the purposes of the Corporations Act and certain matters may reasonably be expected to be known to investors and professional advisers whom potential investors may consult.

3.1 Risk factors

Potential investors should be aware that subscribing for Shares in the Company involves a number of risks. The key risk factors of which investors should be aware are set out in Section 7 of this Prospectus. These risks together with other general risks applicable to all investments in listed securities not specifically referred to, may affect the value of the Shares in the future. Accordingly, an investment in the Company should be considered highly speculative. Investors should consider consulting their professional advisers before deciding whether to apply for Shares pursuant to this Prospectus.

3.2 Forward-looking statements

This Prospectus contains forward-looking statements which are identified by words such as 'may', 'could', 'believes', 'estimates', 'targets', 'expects', or 'intends' and other similar words that involve risks and uncertainties.

These statements are based on an assessment of present economic and operating conditions, and on a number of assumptions regarding future events and actions that, as at the date of this Prospectus, are expected to take place.

Such forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties, assumptions and other important factors, many of which are beyond the control of our Company, the Directors and our management.

We cannot and do not give any assurance that the results, performance or achievements expressed or implied by the forward-looking statements

contained in this Prospectus will actually occur and investors are cautioned not to place undue reliance on these forward-looking statements.

We have no intention to update or revise forward-looking statements, or to publish prospective financial information in the future, regardless of whether new information, future events or any other factors affect the information contained in this Prospectus, except where required by law.

These forward-looking statements are subject to various risk factors that could cause our actual results to differ materially from the results expressed or anticipated in these statements. These risk factors are set out in Section 7 of this Prospectus.

4. DETAILS OF THE OFFER

4.1 The Offer

The Offer is being made as a non-renounceable entitlement issue of one (1) Share for every four (4) Shares held by Shareholders registered at the Record Date at an issue price of \$0.015 per Share. Fractional entitlements will be rounded up to the nearest whole number.

Based on the capital structure of the Company as at the date of this Prospectus, a maximum of 463,565,632 Shares will be issued pursuant to this Offer to raise up to \$6,953,485.00.

All of the Shares offered under this Prospectus will rank equally with the Shares on issue at the date of this Prospectus. Please refer to Section 6 for further information regarding the rights and liabilities attaching to the Shares.

The purpose of the Offer and the intended use of funds raised are set out in Section 5.1 of this Prospectus.

4.2 Minimum subscription

There is no minimum subscription.

4.3 Acceptance

Your acceptance of the Offer must be made on the Entitlement and Acceptance Form accompanying this Prospectus. Your acceptance must not exceed your Entitlement as shown on that form. If it does, your acceptance will be deemed to be for the maximum Entitlement.

You may participate in the Offer as follows:

- (a) if you wish to accept your **full** Entitlement:
 - (i) complete the Entitlement and Acceptance Form; and
 - (ii) attach your cheque, drawn on an Australian bank or bank draft made payable in Australian currency, for the amount indicated on the Entitlement and Acceptance Form; or
- (b) if you only wish to accept **part** of your Entitlement:
 - (i) fill in the number of Shares you wish to accept in the space provided on the Entitlement and Acceptance Form; and
 - (ii) attach your cheque, drawn on an Australian bank or bank draft made payable in Australian currency, for the appropriate application monies (at \$0.015 per Share); or
- (c) if you do not wish to accept all or part of your Entitlement, you are not obliged to do anything.

4.4 Payment by cheque/bank draft

All cheques must be drawn on an Australian bank or bank draft made payable in Australian currency to "Sihayo Gold Limited – Entitlement Issue Account" and crossed "Not Negotiable".

Your completed Entitlement and Acceptance Form and cheque must reach the Company's share registry no later than 5:00 pm WST on the Closing Date.

4.5 Payment by BPAY®

For payment by BPAY®, please follow the instructions on the Entitlement and Acceptance Form. You can only make a payment via BPAY® if you are the holder of an account with an Australian financial institution that supports BPAY® transactions. Please note that should you choose to pay by BPAY®:

- (a) you do not need to submit the Entitlement and Acceptance Form but are taken to have made the declarations on that Entitlement and Acceptance Form; and
- (b) if you do not pay for your Entitlement in full, you are deemed to have taken up your Entitlement in respect of such whole number of Shares which is covered in full by your application monies.

It is your responsibility to ensure that your BPAY® payment is received by the share registry by no later than 4:00 pm (WST) on the Closing Date. You should be aware that your financial institution may implement earlier cut-off times with regards to electronic payment and you should therefore take this into consideration when making payment. Any application monies received for more than your final allocation of Shares (only where the amount is \$1.00 or greater) will be refunded. No interest will be paid on any application monies received or refunded.

The Offer is non-renounceable. Accordingly, a Shareholder may not sell or transfer all or part of their Entitlement.

4.6 Underwriting

The Offer is fully underwritten by the Underwriter. Refer to Section 8.5 of this Prospectus for details of the terms of the underwriting.

4.7 Details of substantial holders

As at 21 March 2019, those persons who (together with their associates) have a relevant interest in 5% or more of the Shares on issue are set out below:

| Shareholder | Shares | % |
|---|-------------|-------|
| Provident Minerals Pte Ltd ¹ | 518,665,951 | 27.97 |
| HSBC Custody Nominees Australia Ltd | 367,933,483 | 19.84 |
| PT Saratoga Investama Sedaya | 218,722,017 | 11.80 |
| Goldstar Asia Mining Resources (L) Berhad | 117,991,074 | 6.36 |

Note:

1. Provident Minerals Pte Ltd has agreed to fully underwrite the Offer. Refer to Section 8.5 of this Prospectus for further details of the underwriting.

In the event all Entitlements are accepted there will be no change to the substantial holders on completion of the Offer.

4.8 Potential effects of the Offer on control of the Company

The Offer is a pro-rata offer so that if all eligible Shareholders take up their Entitlements and participate in the Offer, the voting power of all eligible Shareholders will remain substantially the same. In that event, there will be no actual effect or consequences arising from the Offer on the control of the Company.

Eligible Shareholders who do not take up all of their Entitlements will have their interest in the Company diluted. In addition, the proportional shareholdings of Shareholders who are not resident in Australia, New Zealand, Malaysia, Singapore or Indonesia will be diluted as those Shareholders are not entitled to participate in the Offer.

The Offer is fully underwritten by Provident Minerals Pte Ltd. The potential effects on control of the Company by virtue of the underwriting are set out in Section 4.9 below.

4.9 Underwriting and effects on control of the Company

The Company has entered into an underwriting agreement with the Underwriter under which the Underwriter has agreed to fully underwrite the Offer. A summary of the material terms of the Underwriting Agreement are set out in Section 8.5 of this Prospectus.

The Directors of the Company consider, having regard to all available options, that entering into the Underwriting Agreement with the Underwriter provides the Company with the highest degree of certainty in the time available that the Offer will be successful.

The Underwriter is a related party of the Company for the purpose of the Corporations Act by virtue of being controlled by Gavin Caudle, a Director. Notwithstanding this relationship between the Company and the Underwriter, the Board (other than Gavin Caudle) considered prior Shareholder approval to the entry into the Underwriting Agreement (which is deemed under the Corporations Act to be the giving of a financial benefit to the Underwriter) was not required on the basis that the terms of the agreement are considered to be 'arm's length'.

The Underwriter is the largest shareholder of the Company and the extent to which Shares are issued pursuant to the Underwriting Agreement (depending on the level of any Shortfall) will increase the Underwriters' voting power in the Company. The Underwriter's present relevant interest and changes under various scenarios are set out in the table below and are based on the assumption that the Underwriter takes up its full Entitlement of 129,666,487 Shares under each scenario.

| Event | Shares held by Underwriter | Voting power of Underwriter |
|---------------------|----------------------------|-----------------------------|
| Date of Prospectus | 518,665,951 | 27.97% |
| Completion of Offer | | |
| ▪ Fully subscribed | 648,332,438 | 27.97% |

| | | |
|--|---------------|--------|
| <ul style="list-style-type: none"> ▪ 75% subscribed (excluding the Underwriter's Entitlement) | 861,473,712 | 37.17% |
| <ul style="list-style-type: none"> ▪ 50% subscribed (excluding the Underwriters Entitlement) | 944,948,498 | 40.77% |
| <ul style="list-style-type: none"> ▪ 25% subscribed (excluding the Underwriters Entitlement) | 1,028,423,284 | 44.37% |

The number of Shares held by the Underwriter and its voting power in the table above show the potential effect of the underwriting of the Offer. However, it is unlikely that no Shareholders, other than the Underwriter, will take up Entitlements under the Offer. The underwriting obligation and therefore voting power of the Underwriter will reduce by a corresponding amount for the amount of Entitlements under the Offer taken up by the other Shareholders.

Prior to entering into the Underwriting Agreement, the Company considered alternative options to mitigate the potential control effects. In the Board's opinion, in the current commercial environment the underwriting by the Underwriter is the most suitable underwriting option that was available to the Company.

In order to mitigate the potential control effects of the Underwriting:

- (a) the Directors have each indicated their intention of taking up their respective Entitlement¹ (which together will reduce any potential Shortfall);
- (b) the Company has included a Shortfall Offer, as described in Section 4.11 below; and
- (c) the Underwriter has agreed with the Company that eligible Shareholders who participate in the Shortfall Offer will be given priority over the Underwriter in respect of any Shortfall.

Notwithstanding the potential control effect of the Underwriter underwriting the Offer, the Company understands that, other than as disclosed in this Prospectus and previously announced by the Company, the Underwriter has no present intention of making any significant changes to the business of the Company. These intentions are based on information concerning the Company, its business and the business environment which is known to the Underwriter at the date of this Prospectus. These present intentions may change as new information becomes available, as circumstances change or in the light of all material information, facts and circumstances necessary to assess the operational, commercial, taxation and financial implications of those decisions at the relevant time.

¹ For further details, refer to Section 8.6 below

4.10 Potential Dilution

Shareholders should note that if they do not participate in the Offer, their shareholdings will be diluted. Examples of how the dilution may impact Shareholders are set out in the table below:

| Shareholding as at Record Date | % at Record Date | Entitlement | Shareholding if Offer not taken up | % post Offer |
|--------------------------------|------------------|-------------|------------------------------------|--------------|
| 100,000,000 | 5.39% | 25,000,000 | 100,000,000 | 4.31% |
| 50,000,000 | 2.70% | 12,500,000 | 50,000,000 | 2.16% |
| 10,000,000 | 0.54% | 2,500,000 | 10,000,000 | 0.43% |
| 1,000,000 | 0.05% | 250,000 | 1,000,000 | 0.04% |

Note:

1. The dilutionary effect shown in the table is the maximum percentage on the assumption that those Entitlements not accepted are placed under the Shortfall Offer or to the Underwriter.

4.11 Shortfall Offer

Any Entitlement not taken up pursuant to the Offer will form the Shortfall Offer.

The Shortfall Offer is a separate offer made pursuant to this Prospectus and will remain open for up to three months following the Closing Date. The issue price for each Share to be issued under the Shortfall Offer shall be \$0.015 being the price at which Shares have been offered under the Offer.

Eligible Shareholders may apply for Shortfall Shares on the Entitlement and Acceptance Form accompanying this Prospectus. The Company will allow Eligible Shareholders to apply for new Shares in the Shortfall Offer in priority to the satisfaction of obligations of the Underwriter subject to such applications being received by the Closing Date. In the event of oversubscription from these applications they will be scaled back on a pro-rata basis.

The Company notes that no Shares will be issued to an applicant under this Prospectus or via the Shortfall Offer if the issue of Shares would contravene the takeover prohibition in section 606 of the Corporations Act. Similarly, no Shares will be issued via the Shortfall Offer to any related parties of the Company.

4.12 ASX listing

Application for Official Quotation of the Shares offered pursuant to this Prospectus will be made in accordance with the timetable set out at the commencement of this Prospectus. If ASX does not grant Official Quotation of the Shares offered pursuant to this Prospectus before the expiration of 3 months after the date of issue of the Prospectus, (or such period as varied by the ASIC), the Company will not issue any Shares and will repay all application monies for the Shares within the time prescribed under the Corporations Act, without interest.

The fact that ASX may grant Official Quotation to the Shares is not to be taken in any way as an indication of the merits of the Company or the Shares now offered for subscription.

4.13 Issue of Shares

Shares issued pursuant to the Offer will be issued in accordance with the ASX Listing Rules and timetable set out at the commencement of this Prospectus.

Shares issued pursuant to the Shortfall Offer will be issued on a progressive basis. Where the number of Shares issued is less than the number applied for, or where no issue is made surplus application monies will be refunded without any interest to the Applicant as soon as practicable after the closing date of the Shortfall Offer.

Pending the issue of the Shares or payment of refunds pursuant to this Prospectus, all application monies will be held by the Company in trust for the Applicants in a separate bank account as required by the Corporations Act. The Company, however, will be entitled to retain all interest that accrues on the bank account and each Applicant waives the right to claim interest.

Holding statements for Shares issued under the Offer will be mailed in accordance with the ASX Listing Rules and timetable set out at the commencement of this Prospectus and for Shortfall Shares issued under the Shortfall Offer as soon as practicable after their issue.

4.14 Overseas shareholders

This Prospectus is only intended to be distributed and made available to existing Shareholders of the Company and is personal to each Shareholder to whom it has been delivered. This Offer does not, and is not intended to, constitute an offer in any place or jurisdiction in which, or to any person to whom, it would not be lawful to make such an offer or to issue this Prospectus.

It is not practicable for the Company to comply with the securities laws of overseas jurisdictions having regard to the number of overseas Shareholders, the number and value of Shares these Shareholders would be offered and the cost of complying with regulatory requirements in each relevant jurisdiction. Accordingly, the Offer is not being extended and Shares will not be issued to Shareholders with a registered address which is outside Australia, New Zealand, Malaysia, Singapore or Indonesia.

The distribution of this Prospectus in jurisdictions outside Australia, New Zealand, Malaysia, Singapore and Indonesia may be restricted by law and persons who come into possession of this Prospectus should seek advice on and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws. No action has been taken to register or qualify these Shares the subject of this Prospectus or otherwise permit a public offering of the Shares the subject of this Prospectus in any jurisdiction outside Australia, New Zealand, Malaysia, Singapore and Indonesia.

New Zealand

The Shares are not being offered to the public within New Zealand other than to existing shareholders of the Company with registered addresses in New Zealand to whom the offer of these securities is being made in reliance on the transitional provisions of the Financial Markets Conduct Act 2013 (New Zealand) and the Financial Markets Conduct (Incidental Offers) Exemption Notice 2016 (New Zealand).

This Prospectus has been prepared in compliance with Australian law and has not been registered, filed with or approved by any New Zealand regulatory

authority. This document is not a product disclosure statement under New Zealand law and is not required to, and may not, contain all the information that a product disclosure statement under New Zealand law is required to contain.

Malaysia

No approval from the Shares Commission of Malaysia has been or will be obtained in relation to any offer of Shares. The Shares may not be offered or sold in Malaysia except pursuant to, and to persons prescribed under, Part I of Schedule 6 of the Malaysian Capital Markets and Services Act.

Singapore

This document and any other materials relating to the Shares have not been, and will not be, lodged or registered as a prospectus in Singapore with the Monetary Authority of Singapore. Accordingly, this document and any other document or materials in connection with the offer or sale, or invitation for subscription or purchase, of Shares may not be issued, circulated or distributed, nor may these securities be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore except pursuant to and in accordance with exemptions in Subdivision (4) Division 1, Part XIII of the Securities and Futures Act, Chapter 289 of Singapore (the "**SFA**"), or as otherwise pursuant to, and in accordance with the conditions of any other applicable provisions of the SFA.

This document has been given to you on the basis that you are an existing holder of the Company's Shares. In the event that you are not such a Shareholder, please return this document immediately. You may not forward or circulate this document to any other person in Singapore.

Any offer is not made to you with a view to the Shares being subsequently offered for sale to any other party. There are on-sale restrictions in Singapore that may be applicable to investors who acquire Shares. As such, investors are advised to acquaint themselves with the SFA provisions relating to resale restrictions in Singapore and comply accordingly.

Indonesia

A registration statement with respect to the Shares has not been, and will not be, filed with the Capital Market and Financial Institutions Supervisory Agency (Bapepam-LK) of the Republic of Indonesia. Therefore, the Shares may not be offered or sold or be the subject of an invitation for subscription or purchase. Neither this document nor any other document relating to the offer or sale, or invitation for subscription or purchase, of the Shares may be circulated or distributed, whether directly or indirectly, in the Republic of Indonesia or to Indonesian citizens, corporations or residents, except in a manner that will not be considered as a "public offer" under the law and regulations in the Republic of Indonesia.

United States

This Prospectus and any Entitlement and Acceptance Form do not constitute an offer to sell, or a solicitation of an offer to buy, any securities in the United States. Neither this Prospectus nor related documents may be distributed or released in the United States. The Shares have not been, nor will be, registered under the US Securities Act of 1933 or the securities laws of any state or other jurisdiction of the United States. The Entitlements may not be taken up by persons in the United States or by persons who are, or are acting for the account or benefit of, a

person in the United States. The Shares may not be offered or sold in the United States except in a transaction exempt from, or not subject to, the registration requirements of the US Securities Act of 1933 and the applicable securities laws of any state or other jurisdiction in the United States.

4.15 Nominees and custodians

Nominees and custodians may not submit an Entitlement and Acceptance Form on behalf of any Shareholder resident outside of Australia, New Zealand, Malaysia, Singapore and Indonesia without the prior consent of the Company, taking into account relevant securities law restrictions.

4.16 Enquiries

Any questions concerning the Offer should be directed to Daniel Nolan, Company Secretary, on +61 427 401 198.

5. PURPOSE AND EFFECT OF THE OFFER

5.1 Purpose of the Offer

The purpose of the Offer is to raise up to \$6,953,485.00.

The funds raised from the Offer are planned to be used in accordance with the table set out below:

| Item | Proceeds of the Offer | Full Subscription (\$) | % |
|------|------------------------------------|------------------------|-------------|
| 1. | Expenses of the Offer ¹ | 178,611 | 2.57 |
| 2. | Infill Drilling | 3,100,000 | 44.58 |
| 3. | Working capital | 2,274,873 | [insert] |
| 4. | Feasibility Study Optimisation | 1,200,000 | 17.26 |
| 5. | Licencing and permitting | 200,000 | 2.88 |
| | Total | 6,953,484 | 100% |

Notes:

1. Refer to Section 8.9 of this Prospectus for further details relating to the estimated expenses of the Offer.

The above table is a statement of current intentions as of the date of this Prospectus. As with any budget, intervening events including, but not limited to, exploration success or failure and new circumstances have the potential to affect the manner in which the funds are ultimately applied. The Board reserves the right to alter the way funds are applied on this basis.

5.2 Effect of the Offer

The principal effect of the Offer, assuming all Entitlements are accepted and no Options are exercised prior to the Record Date², will be to:

- (a) increase the cash reserves by \$6,774,873 (after deducting the estimated expenses of the Offer) immediately after completion of the Offer; and
- (b) increase the number of Shares on issue from 1,854,262,256 as at the date of this Prospectus to 2,317,828,158 Shares.

5.3 Pro-forma balance sheet

The audited balance sheet as at 30 June 2018, the audited reviewed balance sheet as at 31 December 2018 and the unaudited pro-forma balance sheet as at 31 December 2018 shown below have been prepared on the basis of the accounting policies normally adopted by the Company and reflect the changes to its financial position.

The pro-forma balance sheet has been prepared assuming all Entitlements are accepted and including expenses of the Offer.

² Note – No Options are currently on issue

The pro-forma balance sheet has been prepared to provide investors with information on the assets and liabilities of the Company and pro-forma assets and liabilities of the Company as noted below. The historical and pro-forma financial information is presented in an abbreviated form, insofar as it does not include all of the disclosures required by Australian Accounting Standards applicable to annual financial statements.

Pro Forma Consolidated Statement of Financial Position

| | AUDITED 30 JUN 2018 \$ | AUDIT REVIEWED 31 DEC 2018 \$ | PRO FORMA 31 DEC 2018 \$ |
|--------------------------------------|---------------------------------------|--|---|
| CURRENT ASSETS | | | |
| Cash | 116,210 | 257,211 | 7,032,084 |
| Trade and other receivables | 257,696 | 304,365 | 304,365 |
| TOTAL CURRENT ASSETS | 373,906 | 561,576 | 7,336,449 |
| | | | |
| NON-CURRENT ASSETS | | | |
| Trade and other receivables | 2,382,136 | 2,590,102 | 2,590,102 |
| Other assets | 13,609,718 | 14,173,628 | 14,173,628 |
| Claims tax for refund | - | 550,808 | 550,808 |
| Property, plant and equipment | 102,428 | 100,671 | 100,671 |
| TOTAL NON-CURRENT ASSETS | 16,094,282 | 17,415,209 | 17,415,209 |
| | | | |
| TOTAL ASSETS | 16,468,188 | 17,976,785 | 24,751,658 |
| | | | |
| CURRENT LIABILITIES | | | |
| Trade and other payables | 2,106,603 | 1,499,410 | 1,449,410 |
| Borrowings | 1,500,000 | 3,985,440 | 3,985,440 |
| Other liabilities | 57,271 | 57,271 | 57,271 |
| TOTAL CURRENT LIABILITIES | 3,663,874 | 5,542,121 | 5,542,121 |
| | | | |
| NON-CURRENT LIABILITIES | | | |
| Provisions | 516,839 | 527,138 | 527,138 |
| TOTAL NON-CURRENT LIABILITIES | 516,839 | 527,138 | 527,138 |
| | | | |
| TOTAL LIABILITIES | 4,180,713 | 6,069,259 | 6,069,259 |
| | | | |
| NET ASSETS (LIABILITIES) | 12,287,475 | 11,907,526 | 18,682,399 |
| | | | |
| EQUITY | | | |
| Share capital | 109,269,211 | 109,269,211 | 116,222,695 |
| Reserves | 15,183,104 | 16,521,959 | 16,521,959 |
| Retained loss | (91,369,369) | (92,090,897) | -92,269,508 |
| Non-controlling interests | (20,795,471) | (21,792,747) | -21,792,747 |
| TOTAL EQUITY | 12,287,475 | 11,907,526 | 18,682,399 |

Notes (Pro Forma Adjustments and Assumptions):

The Pro Forma Historical Statement of Financial Position gives effect to the capital raising contemplated under the Offer as if it had occurred on the date being presented, being 31 December 2018. Unless specifically described, the Pro Forma Historical Consolidated Financial Information does not include adjustments for the Group's business occurring after 31 December 2018 that do not relate to the capital raising contemplated under the Offer.

5.4 Effect on capital structure

The effect of the Offer on the capital structure of the Company, assuming all Entitlements are accepted and no Options are exercised prior to the Record Date³, is set out below:

| | Number |
|--|----------------------|
| Shares currently on issue | 1,854,262,526 |
| Shares offered pursuant to the Offer | 463,565,632 |
| Total Shares on issue after completion of the Offer | 2,317,828,158 |

No Shares on issue are subject to escrow restrictions, either voluntary or ASX imposed.

³ Note – No Options are currently on issue

6. RIGHTS AND LIABILITIES ATTACHING TO SHARES

The following is a summary of the more significant rights and liabilities attaching to Shares being offered pursuant to this Prospectus. This summary is not exhaustive and does not constitute a definitive statement of the rights and liabilities of Shareholders. To obtain such a statement, persons should seek independent legal advice.

Full details of the rights and liabilities attaching to Shares are set out in the Constitution, a copy of which is available for inspection at the Company's registered office during normal business hours.

6.1 General meetings

Shareholders are entitled to be present in person, or by proxy, attorney or representative to attend and vote at general meetings of the Company.

Shareholders may requisition meetings in accordance with section 249D of the Corporations Act and the Constitution of the Company.

6.2 Voting rights

Subject to the ASX Listing Rules and any rights or restrictions for the time being attached to any class or classes of Shares, at general meetings of Shareholders or classes of shareholders:

- (a) each Shareholder entitled to vote may vote in person or by proxy, attorney or representative;
- (b) on a show of hands, every person present who is a Shareholder or a proxy, attorney or representative of a Shareholder has one vote; and
- (c) on a poll, every person present who is a Shareholder or a proxy, attorney or representative of a Shareholder shall, in respect of each fully paid Share held by him, or in respect of which he is appointed a proxy, attorney or representative, have one vote for each Share held, but in respect of partly paid Shares shall have a fraction of a vote for each partly paid Share. The fraction shall be equivalent to the proportion which the amount paid (not credited) is of the total amounts paid and payable, excluding amounts credited, provided that amounts paid in advance of a call are ignored when calculating a true proportion.

6.3 Dividend rights

Subject to the rights of any preference shareholders and to the rights of the holders of any shares created or raised under any special arrangement as to dividend, the Directors may from time to time declare a dividend to be paid to the Shareholders entitled to the dividend which shall be payable on all Shares in accordance with Section 254W of the Corporations Act.

The Directors may from time to time pay to the Shareholders any interim dividends as they may determine. No dividend shall carry interest as against the Company. The Directors may set aside out of the profits of the Company any amounts that they may determine as reserves, to be applied at the discretion of the Directors, for any purpose for which the profits of the Company may be properly applied.

Subject to the ASX Listing Rules and the Corporations Act, the Directors may in their absolute discretion, establish on such terms and conditions as they think fit:

- (a) plans (to be called a "dividend reinvestment plan" or an "interest reinvestment plan" as the case may be) for cash dividends paid by the Company in respect of Shares issued by the Company and interest paid by the Company on unsecured notes or debenture stock issued by the Company to be reinvested by way of subscription for Shares in the Company; and
- (b) a plan (to be called a "dividend election plan") permitting holders of Shares to the extent that his Shares are fully paid up, to have the option to elect to forego his right to share in any dividends (whether interim or otherwise) payable in respect of such Shares and to receive instead an issue of Shares credited as fully paid up to the extent as determined by the Directors.

6.4 Winding-up

If the Company is wound up, the liquidator may, with the authority of a special resolution, divide among the Shareholders in kind the whole or any part of the property of the Company, and may for that purpose set such value as he considers fair upon any property to be so divided, and may determine how the division is to be carried out as between the Shareholders or different classes of shareholders.

The liquidator may, with the authority of a special resolution, vest the whole or any part of any such property in trustees upon such trusts for the benefit of the contributories as the liquidator thinks fit, but so that no Shareholder is compelled to accept any shares or other securities in respect of which there is any liability.

6.5 Shareholder liability

As the Shares issued will be fully paid Shares, they will not be subject to any calls for money by the Directors and will therefore not become liable for forfeiture.

6.6 Transfer of shares

Generally, Shares in the Company are freely transferable, subject to formal requirements, the registration of the transfer not resulting in a contravention of or failure to observe the provisions of a law of Australia and the transfer not being in breach of the Corporations Act and the ASX Listing Rules.

6.7 Future increase in capital

The issue of any new Shares is under the control of the Directors of the Company. Subject to restrictions on the issue or grant of securities contained in the ASX Listing Rules, the Constitution and the Corporations Act (and without affecting any special right previously conferred on the holder of an existing share or class of shares), the Directors may at any time and from time to time issue Shares as they shall, in their absolute discretion, determine.

6.8 Variation of rights

Under section 246B of the Corporations Act, the Company may, with the sanction of a special resolution passed at a meeting of Shareholders vary or abrogate the rights attaching to Shares.

If at any time the share capital is divided into different classes of shares, the rights attached to any class (unless otherwise provided by the terms of issue of the shares of that class), whether or not the Company is being wound up, may be varied or abrogated with the consent in writing of the holders of three quarters of the issued shares of that class, or if authorised by a special resolution passed at a separate meeting of the holders of the shares of that class.

6.9 Alteration of constitution

In accordance with the Corporations Act, the Constitution can only be amended by a special resolution passed by at least three quarters of Shareholders present and voting at the general meeting. In addition, at least 28 days written notice specifying the intention to propose the resolution as a special resolution must be given.

7. RISK FACTORS

7.1 Introduction

The Shares offered under this Prospectus are considered highly speculative. An investment in the Company is not risk free and the Directors strongly recommend potential investors to consider the risk factors described below, together with information contained elsewhere in this Prospectus and to consult their professional advisers before deciding whether to apply for Shares pursuant to this Prospectus.

There are specific risks which relate directly to the Company's business. In addition, there are other general risks, many of which are largely beyond the control of the Company and the Directors. The risks identified in this section, or other risk factors, may have a material impact on the financial performance of the Company and the market price of the Shares. The following is not intended to be an exhaustive list of the risk factors to which the Company is exposed.

7.2 Company specific

(a) Potential for significant dilution

Upon implementation of the Offer, assuming all Entitlements are accepted and no Options are exercised prior to the Record Date, the number of Shares in the Company will increase from 1,854,262,526 currently on issue to 2,317,828,158. This means that each Share will represent a significantly lower proportion of the ownership of the Company.

It is not possible to predict what the value of the Company or a Share will be following the completion of the Offer being implemented and the Directors do not make any representation as to such matters.

The last trading price of Shares on ASX prior to the Prospectus being lodged of \$0.014 is not a reliable indicator as to the potential trading price of Shares after implementation of the Offer.

(a) Going concern risk

The Company's financial report for the year ended 30 June 2018 (released to ASX as a revised report on 31 October 2018) includes a note on the financial condition of the Consolidated Group and the possible existence of an inherent uncertainty about the Consolidated Group's ability to continue as a going concern.

Notwithstanding the 'going concern' paragraph included in the Company's latest annual financial report, the Directors believe that upon the successful completion of the Offer, the Company will have sufficient funds to adequately meet the Company's current expenditure commitments and short term working capital requirements. However, it is highly likely that further funding will be required to meet the medium to long term working capital costs of the Company. Please refer to Section 7.2(b) below for further details.

(b) Additional requirements for capital

The funds raised by the Offer will be used to carry out the Company's objectives as detailed in this Prospectus and the Company's

announcements to ASX. Whilst the Company believes that the funds raised by the Offer will provide the Company with sufficient funds to meet its expenses, carry out its objectives and continue as a going concern, there is no guarantee that the Company will not be required to raise additional capital in the future.

The Company's ability to raise further capital (equity or debt) within an acceptable time, of a sufficient amount and on terms acceptable to the Company will vary accordingly to a number of factors, including prospectively of projects (existing and future), feasibility studies, development of its technology, stock market and industry conditions and the price of relevant commodities and exchange rates.

The Company may require further financing in addition to amounts raised under the Offer in order to progress the construction phase of the Sihayo Pungkut project. Any additional equity financing will dilute shareholdings, and debt financing, if available, may involve restrictions on financing and operating activities. If the Company is unable to obtain additional financing as needed, it may be unable to progress the construction of a mining operation at Sihayo Pungkut and it may impact on the Company's ability to continue as a going concern. There is no guarantee that the Company will be able to secure any additional funding or be able to secure funding on terms favourable to the Company.

(c) **Feasibility Study**

The Company completed and published a Feasibility Study of the Sihayo Pungkut Gold Project in January 2014. This Feasibility Study was substantially revised in July 2018. There is no assurance that the cost estimates and underlying assumptions in the Feasibility Study will be realised in practice, which may materially and adversely affect the company's viability.

In the event the cost estimates and the underlying assumptions are unachievable in practice, the Company may be required to do more work, including, amongst other things, attempting to increase the amount of gold in the known resource by expanding the boundaries of the ore body as currently defined, investigate additional opportunities to improve metallurgical recoveries and investigate a more cost effective power supply. This would require the Company to expend significantly more funds than would be available to the Company, even accounting for the funds provided by the Offer. There is no guarantee this extra work would produce a financially viable project, which would materially affect the viability of the Company.

Alternatively, the Company may wish to continue exploration across the Contract for Work which would require additional funds.

(d) **Resource Estimate**

Resource estimates are expressions of judgment based on knowledge, experience and industry practice. Estimates, which were valid when made, may change significantly when new information becomes available. In addition, resource estimates are imprecise and depend to some extent on interpretations, which may prove to be inaccurate. Should the Company encounter mineralisation or formations different from those predicted by past sampling and drilling, resource estimates

may have to be adjusted and mining plans may have to be altered in a way which could have either a positive or negative effect on the Company's operations.

(e) **Sovereign Risk**

The Company's Sihayo Pungkut Gold Project is located in Indonesia. As such its operations are subject to regulation by Central Government and local government bodies in relation to mining operations, environment, community relations and manpower.

Possible sovereign risks associated with operating in Indonesia include, without limitation, changes in the terms of mining legislation, changes to royalty arrangements, changes to taxation rates and concessions and changes in the ability to enforce legal rights. Any of these factors may, in the future, adversely affect the financial performance of the Company and the market price of its Shares.

No assurance can be given regarding future stability in Indonesia or any other country in which the Company may, in the future, have an interest.

(f) **Gold**

Changes in the market price of gold, which in the past have fluctuated widely, will affect the profitability of the Company's projected operations and its financial condition. The viability of the Company's Sihayo Pungkut Gold Project also depends on the future market price of gold. The price of gold is set in the world market and is affected by numerous industry factors beyond the Company's control including the demand for precious metals, expectations with respect to the rate of inflation, interest rates, currency exchange rates, demand for jewellery and industrial products containing gold, gold production levels, inventories, cost of substitutes, changes in global or regional investment or consumption patterns, and sales by central banks, other holders and speculators, and global and regional political and economic factors.

A decline in the market price of gold below the Company's projected production costs for a sustained period may have a material adverse impact on the viability of the Company's Sihayo Pungkut Gold Project. Such a decline also could have a material adverse impact on the ability of the Company to finance the development of the existing project. A decline in the market price of gold may also require the Company to write-down the carrying value of assets which may have a material adverse effect on the value of the Company's securities

(g) **Gold - Operating and Development Risks**

The Company's ability to achieve production, development, operating cost and capital expenditure estimates on a timely basis cannot be assured. The business of gold mining involves many risks and may be impacted by factors including ore tonnes, yield, input prices (some of which are unpredictable and outside the control of the Company), overall availability of free cash to fund continuing development activities, labour force disruptions, cost overruns, changes in the regulatory environment and other unforeseen contingencies. Other risks also exist such as environmental hazards (including discharge of pollutants or hazardous chemicals), industrial accidents and

occupational and health hazards. Such occurrences could result in damage to, or destruction of, production facilities, personal injury or death, environmental damage, delays in mining, increased production costs and other monetary losses and possible legal liability to the owner or operator of the mine. The Company may become subject to liability for pollution or other hazards against which it has not insured or cannot insure, including those in respect of past mining activities for which it was not responsible.

In addition the Company's profitability could be adversely affected if for any reason its production and processing of gold or mine development is unexpectedly interrupted or slowed. Examples of events which could have such an impact include unscheduled plant shutdowns or other processing problems, mechanical failures, the unavailability of materials and equipment, pit slope failures, unusual or unexpected rock formations, poor or unexpected geological or metallurgical conditions, poor or inadequate ventilation, failure of mine communication systems, poor water condition, interruptions to gas and electricity supplies, human error and adverse weather conditions.

The risks outlined above also mean that there can be no assurances as to the future development of a mining operation in relation to any of the Company's projects described in this Prospectus or which the Company may acquire in the future.

7.3 Mining Industry specific

(a) Exploration Risk

The Company's mining projects are at various stages of exploration and development and potential investors should understand that mineral exploration and development are high-risk undertakings.

The future exploration activities of the Company may be affected by a range of factors including geological conditions, limitations on activities due to seasonal weather patterns, unanticipated operational and technical difficulties, industrial and environmental accidents, native title process, changing government regulations and many other factors beyond the control of the Company.

Development of a commercial mining operation is also dependent on the Company having sufficient development capital, maintaining necessary titles and governmental and other regulatory approvals. In the event that exploration programmes prove to be unsuccessful this could lead to a diminution in value of the mining interests.

(b) Exploration Costs

The exploration costs of the Company are based on certain assumptions with respect to the method and timing of exploration. By their nature, these estimates and assumptions are subject to significant uncertainties and, accordingly, the actual costs may materially differ from these estimates and assumptions. Accordingly, no assurance can be given that the cost estimates and the underlying assumptions will be realised in practice, which may materially and adversely affect the Company's viability.

(c) **Exploration Success**

The ultimate success and financial viability of the Company depends on the discovery and delineation of economically recoverable resources and ore reserves, design and construction of efficient mining and processing facilities, and competent operational and managerial performance.

There can be no assurance that exploration of the tenements, or any other mining interests that may be acquired in the future, will result in the discovery of an economic ore deposit. Even if an apparently viable deposit is identified, there is no guarantee that it can be economically exploited.

(d) **Operational and technical risks**

The operations of the Company may be affected by various factors, including failure to locate or identify mineral deposits, failure to achieve predicted grades and/or resources in exploration and mining, operational and technical difficulties encountered in mining and extraction, difficulties in commissioning and operating plant and equipment, mechanical failure or plant breakdown, unanticipated metallurgical or recovery problems which may affect extraction costs, adverse weather conditions, industrial and environmental accidents, industrial disputes, and unexpected shortages or increases in the costs of consumables, spare parts, plant and equipment.

(h) **Commodity price volatility and exchange rate risks**

If the Company achieves success leading to mineral production, the revenue it will derive through the sale of commodities exposes the potential income of the Company to commodity price and exchange rate risks. Commodity prices fluctuate and are affected by many factors beyond the control of the Company. Such factors include supply and demand fluctuations for precious and base metals, technological advancements, forward selling activities and other macro-economic factors.

In addition, international prices of various commodities are denominated in United States dollars, whereas the income and expenditure of the Company are and will be taken into account in Indonesian and Australian currency, exposing the Company to the fluctuations and volatility of the rate of exchange between the United States dollar, the Indonesian Rupiah and the Australian Dollar as determined in international markets.

7.4 General risks

(a) **Economic**

Economic conditions, both domestic and global, may affect the performance of the Company. Factors such as fluctuations in currencies, commodity prices, inflation, interest rates, supply and demand and industrial disruption may have an impact on operating costs and share market prices. The Company's future possible revenues and Share price can be affected by these factors, all of which are beyond the control of the Company or its Directors.

(b) **Market conditions**

Share market conditions may affect the value of the Company's quoted securities regardless of the Company's operating performance. Share market conditions are affected by many factors such as:

- general economic outlook;
- introduction of tax reform or other new legislation;
- interest rates and inflation rates;
- changes in investor sentiment toward particular market sectors;
- the demand for, and supply of, capital; and
- terrorism or other hostilities.

The market price of securities can fall as well as rise and may be subject to varied and unpredictable influences on the market for equities in general and resource exploration stocks in particular. Neither the Company nor the Directors warrant the future performance of the Company or any return on an investment in the Company.

(c) **Competition risk**

The industry in which the Company is involved is subject to domestic and global competition. Although the Company will undertake all reasonable due diligence in its business decisions and operations, the Company will have no influence or control over the activities or actions of its competitors, which activities or actions may, positively or negatively, affect the operating and financial performance of the Company's projects and business.

(i) **Potential Acquisitions**

As part of its business strategy, the Company may make acquisitions of or significant investments in companies, products, technologies or resource projects. Any such future transaction would be accompanied by the risks commonly encountered in making acquisitions of companies, products, technologies or resource projects.

(j) **Dividends**

Any future determination as to the payment of dividends by the Company will be at the discretion of the Directors and will depend on the financial condition of the Company, future capital requirements and general business and other factors considered relevant by the Directors. No assurance in relation to the payment of dividends or franking credits attaching to dividends can be given by the Company.

(a) **Taxation**

The acquisition and disposal of Shares will have tax consequences, which will differ depending on the individual financial affairs of each investor. All potential investors in the Company are urged to obtain independent financial advice about the consequences of acquiring Shares from a taxation viewpoint and generally.

To the maximum extent permitted by law, the Company, its officers and each of their respective advisors accept no liability and responsibility with respect to the taxation consequences of subscribing for Shares under this Prospectus.

(b) **Reliance on key personnel**

The responsibility of overseeing the day-to-day operations and the strategic management of the Company depends substantially on its senior management and its key personnel. There can be no assurance given that there will be no detrimental impact on the Company if one or more of these employees cease their employment.

7.5 Speculative investment

The above list of risk factors ought not to be taken as exhaustive of the risks faced by the Company or by investors in the Company. The above factors, and others not specifically referred to above, may in the future materially affect the financial performance of the Company and the value of the Shares offered under this Prospectus

Therefore, the Shares to be issued pursuant to this Prospectus carry no guarantee with respect to the payment of dividends, returns of capital or the market value of those Shares.

Potential investors should consider that the investment in the Company is speculative and should consult their professional advisers before deciding whether to apply for Shares pursuant to this Prospectus.

8. ADDITIONAL INFORMATION

8.1 Litigation

As at the date of this Prospectus, the Company is not involved in any legal proceedings and the Directors are not aware of any legal proceedings pending or threatened against the Company.

8.2 Continuous disclosure obligations

The Company is a “disclosing entity” (as defined in section 111AC of the Corporations Act) for the purposes of section 713 of the Corporations Act and, as such, is subject to regular reporting and disclosure obligations. Specifically, like all listed companies, the Company is required to continuously disclose any information it has to the market which a reasonable person would expect to have a material effect on the price or the value of the Company’s securities.

This Prospectus is a “transaction specific prospectus”. In general terms a “transaction specific prospectus” is only required to contain information in relation to the effect of the issue of securities on a company and the rights attaching to the securities. It is not necessary to include general information in relation to all of the assets and liabilities, financial position, profits and losses or prospects of the issuing company.

This Prospectus is intended to be read in conjunction with the publicly available information in relation to the Company which has been notified to ASX and does not include all of the information that would be included in a prospectus for an initial public offering of securities in an entity that is not already listed on a stock exchange. Investors should therefore have regard to the other publicly available information in relation to the Company before making a decision whether or not to invest.

Having taken such precautions and having made such enquires as are reasonable, the Company believes that it has complied with the general and specific requirements of ASX as applicable from time to time throughout the 3 months before the issue of this Prospectus which required the Company to notify ASX of information about specified events or matters as they arise for the purpose of ASX making that information available to the stock market conducted by ASX.

Information that is already in the public domain has not been reported in this Prospectus other than that which is considered necessary to make this Prospectus complete.

The Company, as a disclosing entity under the Corporations Act states that:

- (a) it is subject to regular reporting and disclosure obligations;
- (b) copies of documents lodged with the ASIC in relation to the Company (not being documents referred to in section 1274(2)(a) of the Corporations Act) may be obtained from, or inspected at, the offices of the ASIC; and
- (c) it will provide a copy of each of the following documents, free of charge, to any person on request between the date of issue of this Prospectus and the Closing Date:

- (i) the annual financial report most recently lodged by the Company with the ASIC;
- (ii) any half-year financial report lodged by the Company with the ASIC after the lodgement of the annual financial report referred to in (i) and before the lodgement of this Prospectus with the ASIC; and
- (iii) any continuous disclosure documents given by the Company to ASX in accordance with the ASX Listing Rules as referred to in section 674(1) of the Corporations Act after the lodgement of the annual financial report referred to in (i) and before the lodgement of this Prospectus with the ASIC.

Copies of all documents lodged with the ASIC in relation to the Company can be inspected at the registered office of the Company during normal office hours.

Details of documents lodged by the Company with ASX since the date of lodgement of the Company's latest annual financial report and before the lodgement of this Prospectus with the ASIC are set out in the table below.

| Date | Description of Announcement |
|------------------|---|
| 31 October 2018 | Annual Report - revised |
| 31 October 2018 | Quarterly activities report and cashflow |
| 31 October 2018 | Notice of Annual General Meeting/Proxy Form |
| 26 November 2018 | Director Resignation |
| 26 November 2018 | Final Directors Interest Notice |
| 30 November 2018 | Chairman's Address to Shareholders |
| 30 November 2018 | Results of the Meeting |
| 4 December 2018 | Results of Meeting – table |
| 31 January 2019 | Quarterly Activities and Cashflow Report |
| 12 February 2019 | Placement & Rights Issue for Exploration & Feasibility work |
| 28 February 2019 | Tenements Report 31 Dec 18 |
| 18 March 2019 | Half Yearly Report and Accounts |

ASX maintains files containing publicly available information for all listed companies. The Company's file is available for inspection at ASX during normal office hours.

The announcements are also available through the Company's website www.sihayogold.com.

8.3 Market price of shares

The Company is a disclosing entity for the purposes of the Corporations Act and its Shares are enhanced disclosure securities quoted on ASX.

The highest, lowest and last market sale prices of the Shares on ASX during the three months immediately preceding the date of lodgement of this Prospectus with the ASIC and the respective dates of those sales were:

| | | |
|---------|---------|------------------|
| Highest | \$0.020 | 2 January 2019 |
| Lowest | \$0.014 | 18 February 2019 |
| Last | \$0.014 | 21 March 2019 |

8.4 Material contracts

The following are summaries of the significant terms of the material agreements which relate to the business of the Company.

8.5 Underwriting Agreement

By an agreement between the Underwriter and the Company (**Underwriting Agreement**), the Underwriter has agreed to fully underwrite the Offer for that number of Shares which is equal to one (1) Share for every four (4) Shares held by those Shareholders registered at the Record Date (**Underwritten Shares**).

Pursuant to the Underwriting Agreement, the Company has agreed to pay the Underwriter an underwriting fee of \$125,000.

The obligation of the Underwriter to underwrite the Offer is subject to certain events of termination. The Underwriter may terminate its obligations under the Underwriting Agreement if:

- (a) **(Indices fall)**: the S&P ASX 200 Index is at any time after the date of the Underwriting Agreement 10% or more or more below its respective level as at the close of business on the Business Day prior to the date of the Underwriting Agreement;
- (b) **(Prospectus)**: the Company does not lodge the Prospectus in accordance with the timetable or the Offer is withdrawn by the Company;
- (c) **(Supplementary prospectus)**:
 - (i) the Underwriter, having elected not to exercise its right to terminate its obligations under this Underwriting Agreement as a result of an occurrence as described in Section 8.5(n)(v), forms the view on reasonable grounds that a supplementary prospectus should be lodged with ASIC for any of the reasons referred to in Section 719 of the Corporations Act and the Company fails to lodge a supplementary prospectus in such form and content and within such time as the Underwriter may reasonably require; or
 - (ii) the Company lodges a supplementary prospectus without the prior written agreement of the Underwriter;
- (d) **(Non-compliance with disclosure requirements)**: it transpires that the Prospectus does not contain all the information that investors and their professional advisers would reasonably require to make an informed assessment of:
 - (i) the assets and liabilities, financial position and performance, profits and losses and prospects of the Company; and
 - (ii) the rights and liabilities attaching to the Underwritten Shares;

- (e) **(Misleading Prospectus):** it transpires that there is a statement in the Prospectus that is misleading or deceptive or likely to mislead or deceive, or that there is an omission from the Prospectus (having regard to the provisions of Sections 711, 713 and 716 of the Corporations Act) or if any statement in the Prospectus becomes misleading or deceptive or likely to mislead or deceive or if the issue of the Prospectus is or becomes misleading or deceptive or likely to mislead or deceive;
- (f) **(Unable to Issue Securities):** the Company is prevented from issuing the Underwritten Shares within the time required by the Underwriting Agreement, the Corporations Act, the Listing Rules, any statute, regulation or order of a court of competent jurisdiction by ASIC, ASX or any court of competent jurisdiction or any governmental or semi-governmental agency or authority;
- (g) **(Withdrawal of consent to Prospectus):** any person (other than the Underwriter) who has previously consented to the inclusion of its, his or her name in the Prospectus or to be named in the Prospectus, withdraws that consent;
- (h) **(No Quotation Approval):** the Company fails to lodge an Appendix 3B in relation to the Underwritten Shares with ASX within 7 days of the Lodgement Date;
- (i) **(No Official Quotation):** Official Quotation has not been granted in accordance with the timetable or, having been granted, is subsequently withdrawn, withheld or qualified;
- (j) **(ASIC hearing):** ASIC gives notice of its intention to hold a hearing under Section 739 of the Corporations Act in relation to the Prospectus to determine if it should make a stop order in relation to the Prospectus or ASIC makes an interim or final stop order in relation to the Prospectus under Section 739 of the Corporations Act;
- (k) **(Takeovers Panel):** the Takeovers Panel makes a declaration that circumstances in relation to the affairs of the Company are unacceptable circumstances under Pt 6.10 of the Corporations Act, which in the Underwriter's reasonable opinion has a Material Adverse Effect (as defined in the Underwriting Agreement);
- (l) **(Authorisation):** any authorisation which is material to anything referred to in the Prospectus is repealed, revoked or terminated or expires, or is modified or amended in a manner unacceptable to the Underwriter acting reasonably;
- (m) **(Indictable offence):** a director or senior manager of the Company or a subsidiary of the Company is charged with an indictable offence; or
- (n) **(Termination Events):** any of the following events occurs:
 - (i) **(Hostilities):** there is an outbreak of hostilities or a material escalation of hostilities (whether or not war has been declared) after the date of this Agreement involving one or more of Australia, New Zealand, Indonesia, Japan, Russia, the United Kingdom, the United States of America, India, Pakistan, or the Peoples Republic of China or any member of the European Union other than hostilities involving Libya, Afghanistan, Iraq, Iran, Syria, Lebanon or Israel and the Underwriter believes (on

reasonable grounds) that the outbreak or escalation is likely to result in the S&P ASX 200 Index falling by 10% or more;

- (ii) **(Default):** default or breach by the Company under this Agreement of any terms, condition, covenant or undertaking;
- (iii) **(Incorrect or untrue representation):** any representation, warranty or undertaking given by the Company in this Agreement is or becomes untrue or incorrect in a material respect;
- (iv) **(Contravention of constitution or Act):** a material contravention by a Relevant Company of any provision of its constitution, the Corporations Act, the Listing Rules or any other applicable legislation or any policy or requirement of ASIC or ASX;
- (v) **(Adverse change):** an event occurs which gives rise to a Material Adverse Effect or any adverse change or any development including a likely Material Adverse Effect after the date of this Agreement in the assets, liabilities, financial position, trading results, profits, forecasts, losses, prospects, business or operations of any Relevant Company including, without limitation, if any forecast in the Prospectus becomes incapable of being met or in the Underwriter's reasonable opinion, unlikely to be met in the projected time;
- (vi) **(Significant change):** a "new circumstance" as referred to in Section 719(1) of the Corporations Act arises that is materially adverse from the point of view of an investor;
- (vii) **(Public statements):** without the prior approval of the Underwriter a public statement is made by the Company in relation to the Offer or the Prospectus other than a statement the Company is required to make in order to comply with its disclosure obligations under the Listing Rules and/or the Corporations Act;
- (viii) **(Misleading information):** any information supplied at any time by the Company or any person on its behalf to the Underwriter in respect of any aspect of the Offer or the affairs of any Relevant Company is or becomes misleading or deceptive or likely to mislead or deceive;
- (ix) **(Official Quotation qualified):** the official quotation is qualified or conditional other than as set out in the Underwriting Agreement;
- (x) **(Change in Act or policy):** there is introduced, or there is a public announcement of a proposal to introduce, into the Parliament of Australia or any of its States or Territories any Act or prospective Act or budget or the Reserve Bank of Australia or any Commonwealth or State authority adopts or announces a proposal to adopt any new, or any major change in, existing, monetary, taxation, exchange or fiscal policy that has not been publicly disclosed or proposed as at the date of this Agreement;

- (xi) **(Prescribed Occurrence)**: a Prescribed Occurrence occurs, other than as disclosed in the Prospectus;
- (xii) **(Suspension of debt payments)**: the Company suspends payment of its debts generally;
- (xiii) **(Event of Insolvency)**: an Event of Insolvency occurs in respect of a Relevant Company;
- (xiv) **(Judgment against a Relevant Company)**: a judgment in an amount exceeding \$100,000.00 is obtained against a Relevant Company and is not set aside or satisfied within 7 days;
- (xv) **(Litigation)**: litigation, arbitration, administrative or industrial proceedings are after the date of this Agreement commenced against any Relevant Company except as disclosed in the Prospectus;
- (xvi) **(Board and senior management composition)**: there is a change in the composition of the Board or a change in the senior management of the Company before the date of issue of the Underwritten Shares without the prior written consent of the Underwriter (such consent not to be unreasonably withheld);
- (xvii) **(Change in shareholdings)**: there is a material change in the major or controlling shareholdings of a Relevant Company (other than as a result of the Offer or a matter disclosed in the Prospectus) or a takeover offer or scheme of arrangement pursuant to Chapter 5 or 6 of the Corporations Act is publicly announced in relation to a Relevant Company;
- (xviii) **(Timetable)**: there is a delay in any specified date in the Timetable which is greater than 3 Business Days;
- (xix) **(Force Majeure)**: a Force Majeure affecting the Company's business or any obligation under the Underwriting Agreement lasting in excess of 7 days occurs;
- (xx) **(Certain resolutions passed)**: a Relevant Company passes or takes any steps to pass a resolution under Section 254N, Section 257A or Section 260B of the Corporations Act or a resolution to amend its constitution without the prior written consent of the Underwriter;
- (xxi) **(Capital Structure)**: any Relevant Company alters its capital structure in any manner not contemplated by the Prospectus excluding the issue of any Shares upon exercise of options, such options having been disclosed to the ASX as at the date of this Agreement;
- (xxii) **(Breach of Material Contracts)**: any of the Contracts is terminated or substantially modified; or
- (xxiii) **(Market Conditions)**: a suspension or material limitation in trading generally on ASX occurs or any material adverse change or disruption occurs in the existing financial markets, political or economic conditions of Australia, Japan, the United

Kingdom, the United States of America or other international financial markets,

which in the reasonable opinion of the Underwriter, has or is likely to have, or those events together have, or could reasonably be expected to have, a Material Adverse Effect or could give rise to a liability of the Underwriter under the Corporations Act.

The Underwriting Agreement also contains a number of indemnities, representations and warranties from the Company to the Underwriter that are considered standard for an agreement of this type.

The Directors who do not have a material personal interest in the Underwriting Agreement consider the Underwriting Agreement to be on arm's length terms. Accordingly, Shareholder approval was not required to enter into the Underwriting Agreement.

8.6 Interests of Directors

Other than as set out in this Prospectus, no Director or proposed Director holds, or has held within the 2 years preceding lodgement of this Prospectus with the ASIC, any interest in:

- (a) the formation or promotion of the Company;
- (b) any property acquired or proposed to be acquired by the Company in connection with:
 - (i) its formation or promotion; or
 - (ii) the Offer; or
- (c) the Offer,

and no amounts have been paid or agreed to be paid and no benefits have been given or agreed to be given to a Director or proposed Director:

- (d) as an inducement to become, or to qualify as, a Director; or
- (e) for services provided in connection with:
 - (i) the formation or promotion of the Company; or
 - (ii) the Offer.

Security holdings

The relevant interest of each of the Directors in the securities of the Company as at the date of this Prospectus, together with their respective Entitlement, is set out in the table below.

| Director | Shares | Entitlement | \$ |
|---------------|--------------------------|-------------|-----------|
| Misha Collins | 6,823,547 ¹ | 1,705,887 | 25,589 |
| Gavin Caudle | 525,279,935 ² | 131,319,984 | 1,969,800 |
| Stuart Gula | 1,033,269 ³ | 258,318 | 3,875 |
| Daniel Nolan | 4,350,919 | 1,087,730 | 16,316 |

Notes:

1. These Shares are held indirectly by Insight Capital Management, a company in which Mr Collins has an ability to influence how the Shares are voted/disposed.
2. Of these Shares:
 - (a) 6,613,984 Shares are held directly by Mr Caudle; and
 - (b) 518,665,951 Shares are held indirectly through Provident Minerals Pte Ltd of which Mr Caudle is a director and shareholder. Provident Minerals Pte Ltd has agreed to fully underwrite the Offer. Refer to Section 8.5 of this Prospectus for further details of the underwriting.
3. These Shares are indirectly held through SL&S Investments Pty Ltd a company in which Mr Gula has an ability to influence how the Shares are voted/disposed.

The Board recommends all Shareholders take up their Entitlement and advises that all Directors intend to take up their respective Entitlements, subject only to Gavin Caudle intending to accept his Entitlement only in respect of those Shares he holds directly.

Remuneration

The remuneration of an executive Director is decided by the Board, without the affected executive Director participating in that decision-making process. The total maximum remuneration of non-executive Directors is initially set by the Constitution and subsequent variation is by ordinary resolution of Shareholders in general meeting in accordance with the Constitution, the Corporations Act and the ASX Listing Rules, as applicable. The determination of non-executive Directors' remuneration within that maximum will be made by the Board having regard to the inputs and value to the Company of the respective contributions by each non-executive Director. The current amount has been set at an amount not to exceed \$245,000 per annum.

A Director may be paid fees or other amounts (ie non-cash performance incentives such as Options, subject to any necessary Shareholder approval) as the other Directors determine where a Director performs special duties or otherwise performs services outside the scope of the ordinary duties of a Director. In addition, Directors are also entitled to be paid reasonable travelling, hotel and other expenses incurred by them respectively in or about the performance of their duties as Directors.

The following table shows the total (and proposed) annual remuneration paid to both executive and non-executive directors.

| Director | 2018 | 2019 |
|---------------|----------|----------|
| Misha Collins | \$66,461 | \$65,000 |
| Gavin Caudle | \$46,011 | \$45,000 |
| Stuart Gula | \$49,846 | \$45,000 |
| Daniel Nolan | \$63,827 | \$80,000 |

8.7 Interests of experts and advisers

Other than as set out below or elsewhere in this Prospectus, no:

- (a) person named in this Prospectus as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Prospectus;
- (b) promoter of the Company; or
- (c) underwriter (but not a sub-underwriter) to the issue or a financial services licensee named in this Prospectus as a financial services licensee involved in the issue,

holds, or has held within the 2 years preceding lodgement of this Prospectus with the ASIC, any interest in:

- (d) the formation or promotion of the Company;
- (e) any property acquired or proposed to be acquired by the Company in connection with:
 - (i) its formation or promotion; or
 - (ii) the Offer; or
- (f) the Offer,

and no amounts have been paid or agreed to be paid and no benefits have been given or agreed to be given to any of these persons for services provided in connection with:

- (g) the formation or promotion of the Company; or
- (h) the Offer.

Provident Minerals Pte Ltd will be paid an underwriting fee of approximately \$125,000 in respect of the Offer. During the 24 months preceding lodgement of this Prospectus with the ASIC, Provident Minerals Pte Ltd has been paid fees totalling \$100,000 by the Company.

Steinepreis Paganin has acted as the solicitors to the Company in relation to the Offer. The Company estimates it will pay Steinepreis Paganin \$20,000 (excluding GST and disbursements) for these services. During the 24 months preceding lodgement of this Prospectus with the ASIC, Steinepreis Paganin has been paid fees totalling \$21,990 (excluding GST and disbursements) for legal services provided to the Company.

8.8 Consents

Chapter 6D of the Corporations Act imposes a liability regime on the Company (as the offeror of the Securities), the Directors, the persons named in the Prospectus with their consent as Proposed Directors, any underwriters, persons named in the Prospectus with their consent having made a statement in the Prospectus and persons involved in a contravention in relation to the Prospectus, with regard to misleading and deceptive statements made in the Prospectus, Although the Company bears primary responsibility for the Prospectus, the other parties involved in the preparation of the Prospectus can also be responsible for certain statements made in it.

Each of the parties referred to in this Section 8.8:

- (a) does not make, or purport to make, any statement in this Prospectus other than those referred to in this Section;
- (b) in light of the above, only to the maximum extent permitted by law, expressly disclaim and take no responsibility for any part of this Prospectus other than a reference to its name and a statement included in this Prospectus with the consent of that party as specified in this Section;

Provident Minerals Pte Ltd has given its written consent to being named as underwriter to the Offer in this Prospectus, in the form and context in which it is named. Provident Minerals Pte Ltd is a Shareholder of the Company and currently has a relevant interest in 518,665,951 Shares. Provident Minerals Pte Ltd has indicated that it is its current intention to subscribe for its full Entitlement under the Offer in respect of all of the Shares in which it has a relevant interest.

Steinepreis Paganin has given its written consent to being named as the solicitors to the Company in this Prospectus. Steinepreis Paganin has not withdrawn its consent prior to the lodgement of this Prospectus with the ASIC.

8.9 Expenses of the offer

In the event that all Entitlements are accepted, the total expenses of the Offer are estimated to be approximately \$178,611 (excluding GST) and are expected to be applied towards the items set out in the table below:

| | |
|---------------------------|------------------|
| | \$ |
| ASIC fees | 2,350 |
| ASX fees | 17,500 |
| Underwriting fees | 125,000 |
| Legal fees | 20,000 |
| Printing and distribution | 4,611 |
| Share Registry | 4,150 |
| Miscellaneous | 5,000 |
| Total | \$178,611 |

8.10 Electronic prospectus

If you have received this Prospectus as an electronic Prospectus, please ensure that you have received the entire Prospectus accompanied by the Application Forms. If you have not, please phone the Company on +61 427 401 198 and the Company will send you, for free, either a hard copy or a further electronic copy of the Prospectus, or both. Alternatively, you may obtain a copy of this Prospectus from the Company's website at <http://www.sihayogold.com/>.

The Company reserves the right not to accept an Application Form from a person if it has reason to believe that when that person was given access to the electronic Application Form, it was not provided together with the electronic Prospectus and any relevant supplementary or replacement prospectus or any of those documents were incomplete or altered.

8.11 Financial forecasts

The Directors have considered the matters set out in ASIC Regulatory Guide 170 and believe that they do not have a reasonable basis to forecast future earnings on the basis that the operations of the Company are inherently uncertain. Accordingly, any forecast or projection information would contain such a broad

range of potential outcomes and possibilities that it is not possible to prepare a reliable best estimate forecast or projection.

8.12 Clearing House Electronic Sub-Register System (CHES) and Issuer Sponsorship

The Company will not be issuing share certificates. The Company is a participant in CHES, for those investors who have, or wish to have, a sponsoring stockbroker. Investors who do not wish to participate through CHES will be issuer sponsored by the Company. Because the sub-registers are electronic, ownership of securities can be transferred without having to rely upon paper documentation.

Electronic registers mean that the Company will not be issuing certificates to investors. Instead, investors will be provided with a statement (similar to a bank account statement) that sets out the number of Shares issued to them under this Prospectus. The notice will also advise holders of their Holder Identification Number or Security Holder Reference Number and explain, for future reference, the sale and purchase procedures under CHES and issuer sponsorship.

Further monthly statements will be provided to holders if there have been any changes in their security holding in the Company during the preceding month.

8.13 Privacy Act

If you complete an application for Shares, you will be providing personal information to the Company (directly or by the Company's share registry). The Company collects, holds and will use that information to assess your application, service your needs as a holder of equity securities in the Company, facilitate distribution payments and corporate communications to you as a Shareholder and carry out administration.

The information may also be used from time to time and disclosed to persons inspecting the register, bidders for your securities in the context of takeovers, regulatory bodies, including the Australian Taxation Office, authorised securities brokers, print service providers, mail houses and the Company's share registry.

You can access, correct and update the personal information that we hold about you. Please contact the Company or its share registry if you wish to do so at the relevant contact numbers set out in this Prospectus.

Collection, maintenance and disclosure of certain personal information is governed by legislation including the Privacy Act 1988 (Cth) (as amended), the Corporations Act and certain rules such as the ASX Settlement Operating Rules. You should note that if you do not provide the information required on the application for Shares, the Company may not be able to accept or process your application.

9. DIRECTORS' AUTHORISATION

This Prospectus is issued by the Company and its issue has been authorised by a resolution of the Directors.

In accordance with section 720 of the Corporations Act, each Director has consented to the lodgement of this Prospectus with the ASIC.



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

Daniel Nolan
Executive Director
For and on behalf of
Sihayo Gold Limited

10. GLOSSARY

\$ means the lawful currency of the Commonwealth of Australia.

Applicant means a Shareholder who applies for Shares pursuant to the Offer or a Shareholder or other party who applies for Shortfall Shares pursuant to the Shortfall Offer.

Application Form means an Entitlement and Acceptance Form or Shortfall Application Form as the context requires.

ASIC means Australian Securities and Investments Commission.

ASX means ASX Limited (ACN 008 624 691) or the financial market operated by it as the context requires.

ASX Listing Rules means the listing rules of the ASX.

ASX Settlement Operating Rules means the settlement rules of the securities clearing house which operates CHES.

Board means the board of Directors unless the context indicates otherwise.

Business Day means Monday to Friday inclusive, except New Year's Day, Good Friday, Easter Monday, Christmas Day, Boxing Day and any other day that ASX declares is not a business day.

Closing Date means the date specified in the timetable set out at the commencement of this Prospectus (unless extended).

Company means Sihayo Gold Limited (ACN 009 241 374).

Consolidated Group means the Company and its wholly owned subsidiaries, Inland Goldmines Pty Ltd, Excelsior Resources Pty Ltd, Oropa Technologies Pty Ltd, Oropa Indian Resources Pty Ltd, Oropa Exploration Pty Ltd and Aberfoyle Pungkut Investments Pte Ltd.

Constitution means the constitution of the Company as at the date of this Prospectus.

Corporations Act means the *Corporations Act 2001* (Cth).

Directors means the directors of the Company as at the date of this Prospectus.

Entitlement means the entitlement of a Shareholder who is eligible to participate in the Offer.

Entitlement and Acceptance Form means the entitlement and acceptance form either attached to or accompanying this Prospectus.

Offer means the non-renounceable entitlement issue the subject of this Prospectus.

Official Quotation means official quotation on ASX.

Option means an option to acquire a Share.

Prospectus means this prospectus.

Record Date means the date specified in the timetable set out at the commencement of this Prospectus.

Share means a fully paid ordinary share in the capital of the Company.

Shareholder means a holder of a Share.

Shortfall means the Shares not applied for under the Offer (if any).

Shortfall Application Form means the shortfall application form either attached to or accompanying this Prospectus.

Shortfall Offer means the offer of the Shortfall on the terms and conditions set out in Section 4.11 of this Prospectus.

Shortfall Shares means those Shares issued pursuant to the Shortfall.

WST means Western Standard Time as observed in Perth, Western Australia.