



9 June 2016

The Manager  
Market Announcements Office  
Australian Securities Exchange  
Exchange Centre  
20 Bridge Street  
SYDNEY NSW 2000

### **Non-Renounceable Entitlement Offer**

Sihayo Gold Limited (ACN 009 241 374) (**ASX:SIH**) (the **Company**) is seeking to raise up to approximately \$4,503,873 (before costs) through a pro rata non-renounceable entitlements offer of two (2) fully paid ordinary shares in the capital of the Company (**Shares**) for every five (5) Shares held by eligible shareholders on the record date at an issue price of \$0.01 per Share (**Entitlement Offer**). There is no minimum subscription in respect of the Entitlement Offer.

### **Indicative use of proceeds of Entitlement Offer**

The Company proposes to use the proceeds of the Entitlement Offer as follows:

<b>Use</b>	<b>Approximate amount to be allocated assuming full subscription under the Entitlement Offer (A\$)</b>	<b>%</b>
Expenses of the Entitlement Offer	267,500	6.0%
Repayment of loans	3,500,000	77.7%
Feasibility Study Optimisation	200,000	4.4%
Working capital	536,373	11.9%
<b>Total</b>	<b>4,503,873</b>	<b>100.0%</b>

The above expenditure budget is indicative only and may change according to circumstances prevailing at the time.

### **Feasibility Study Optimisation**

The Company previously announced 'initial' approval of the Government of Indonesia Feasibility Study (24 September 2014) and receipt of approval from the Department of Environment (KLH) and Minister of Environment for the Analisis Mengenai Dampak Lingkungan Hidup (AMDAL) and Environment Permit (1 December 2015).

The Company's priority remains to complete 'Final' approval of the Feasibility Study and issuance of a Construction Permit and Forestry or 'Borrow and Use' (Pinjam Pakai) Permit from the Forestry Department.

With the passage of time since the completion of the Feasibility Study in January 2014 and the recent improvement in the gold price the Company believes there are a number of opportunities to optimise the project financial returns which warrant further investigation.

The Company has also held preliminary discussions with a large EPCM company looking to expand its area of operations to include Indonesia. Whilst discussions are still at a very embryonic stage and there is no certainty of progression beyond this stage, this company has raised the possibility of providing a high proportion of the financing required to construct the project. Potential availability of such project financing is an additional incentive to re-evaluate and optimise the assumptions in the original Feasibility Study, especially providing the opportunity to increase the throughput of the mill and plant. The re-evaluation/optimisation work would focus on:

#### **a) Power Supply**

Our discussions with the local and regional power supply regulator indicate progress is being made to increase the grid power generating capacity in North Sumatra. Some preliminary site investigation work is required into the potential sizing, location and layout of infrastructure that may be required to provide grid power to the project. If grid power were to become available, the overall power cost of the project may be materially reduced.

#### **b) Metallurgical Recovery**

The Company intends to undertake an investigation into alternative treatment strategies associated with near surface (regolith) ores and geo-metallurgy to understand opportunities to improve project economics.

#### **c) Construction Capital and Consumables Prices**

The Company has been able to study the construction costs and operating costs of two other gold projects under construction and recently commissioned in Indonesia. The Company would like to take the insights gained from studying these projects and apply them to the Sihayo/Sambung project.

There has also been a material and sustained reduction in the price of diesel fuel and other consumables since the completion of the Feasibility Study. The Company would like to perform a detailed analysis of these lower prices to determine the overall impact on the Feasibility Study.



## Summary of the Entitlement Offer

1. The Entitlement Offer comprises two (2) new Shares for every five (5) existing Shares held by existing eligible shareholders on the record date of 16 June 2016 at \$0.01 per Share.
2. Eligible shareholders will comprise those shareholders with a registered address in Australia, New Zealand, Singapore, or Indonesia or any other shareholders in other jurisdictions to whom the Company decides to make offers.
3. The Entitlement Offer is fully underwritten subject to certain terms and conditions by Provident Minerals Pte Ltd (**Underwriter**).
4. Any fractional entitlements arising from the Entitlement Offer will be rounded up.
5. Shares issued under the Entitlement Offer will rank equally with existing Shares on issue on the record date. The Company will make application for official quotation of the new Shares proposed to be issued under the Entitlement Offer. Share entitlements are non-renounceable and will not be tradeable on the ASX or otherwise transferable.
6. Up to approximately 450,387,266 Shares will be issued pursuant to the Entitlement Offer. Shareholders who do not take up all or any part of their entitlement will not receive any payment or value in respect of the entitlement not taken up and their equity interest in the Company will be diluted.
7. A shortfall facility will be available allowing eligible shareholders to apply for additional Shares over and above their entitlements (additional Shares will be issued to the extent there is a shortfall under the Entitlement Offer). Existing shareholders will be given priority over the Underwriter in the issue of Shortfall Shares.

## Timetable

Further details of the Entitlement Offer, including details on how to accept and key risks of the Entitlement Offer, together with a summary of the key terms of the underwriting agreement including the termination events, will be set out in a prospectus which is expected to be released to the ASX on 9 June 2016 and dispatched to shareholders on 20 June 2016.

Outlined below is a timetable of relevant events and dates relating to the Entitlement Offer. These events and dates are indicative only and subject to change.

Subject to the ASX Listing Rules, the Corporations Act and other applicable laws, the Company's Board reserves the right to modify all dates, including the Entitlement Offer closing date.

<b>Event</b>	<b>Date</b>
Announcement of Entitlement Offer	9 June 2016

<b>Event</b>	<b>Date</b>
Lodgement of prospectus with the ASIC	9 June 2016
Lodgement of prospectus & Appendix 3B with ASX	9 June 2016
Notice sent to shareholders	14 June 2016
'Ex' date	15 June 2016
Record Date for determining shareholder entitlement	16 June 2016
Prospectus sent out to eligible shareholders, Entitlement Offer opens and announcement that dispatch has occurred	20 June 2016
Last day to extend the Closing Date*	24 June 2016
Entitlement Offer closes*	29 June 2016
Shares quoted on a deferred settlement basis	30 June 2016
Notification of under subscriptions to ASX (if any)	4 July 2016
Issue date/Shares entered into Shareholders' security holdings	6 July 2016
Quotation of Shares issued under the Entitlement Offer *	7 July 2016

\*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.

Application for new Shares under the Entitlement Offer may only be made by completing the Application Form which accompanies the prospectus. Shareholders eligible to participate in the Entitlement Offer should read the prospectus carefully and consult professional advisers as necessary.

### **Enquiries**

Any enquiries regarding the Entitlement Offer should be directed to:

#### **Danny Nolan**

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