



SHEN YAO HOLDINGS LIMITED
(Company Registration No. 202042117W)
(Registered in Singapore)

UPDATE ON OPERATIONS - RESPONSE TO SGX QUERIES

Capitalised terms in this announcement shall have the same meanings as ascribed to them in the Company's announcement released on 4 August 2022 (the "Previous Announcement"), unless otherwise defined.

Shen Yao Holdings Limited (the "**Company**") and together with its subsidiaries, the "**Group**") has received the following queries from the Singapore Exchange Securities Trading Limited (the "**SGX Queries**"). The board of directors (the "**Board**") of the Company has provided the following responses to the SGX Queries.

SGX Query:

In response (a), it was stated that "Much progress has been made as the Company has received in-principle approval in the form of a limited use of the Dry Stack."

- (1) Please provide the date that the in-principle approval was received.
- (2) Please elaborate on the implications of a "limited use of the Dry Stack" vs a "full approval" without limitation in use.
- (3) Please provide the rationale why the information was not disclosed when the in-principle approval was received.
- (4) Please clarify if the Dry Stack is part of the current tailings storage facilities or alternative storage facilities.

In response (b), it was stated that "As mentioned in the announcement released by the Company on 18 November 2021, in the unlikely event that approvals are not obtained, the Board is of the view that this limitation in terms of the capacity of the current tailings storage facility is not expected to affect the going concern of the Company".

- (5) Please provide the Board's current assessment, not as of Nov 2021.
- (6) Please provide the Board's current assessment as to the impact on its operations as mentioned in our query dated 2 Aug 2022.

With regard to the current tailings storage facilities,

- (7) How long is the remaining capacity able to cater to the Company's operational needs for?
- (8) What is the bases of the assessment? Was any Independent Qualified Person's Report prepared to support the assessment?

Response:

- (1) The in-principle approval was obtained on 27 June 2022.
- (2) The in-principle approval for “limited use of the Dry Stack” is for a smaller scale as compared to that under the “full approval” which will be for a greater capacity. The ‘limited use area’ of the dry-stack would eventually be encompassed by the ‘full approval’ dry-stack. The ‘limited use’ permission allows tests and trials to be conducted on the materials handling properties of the tailings. These trials, apart from confirming the real-world bulk materials handling properties, also allow placement methodologies to be developed that are difficult to obtain in a laboratory environment.
- (3) Receipt of the in-principle approval only signifies that the Company is “part-way” through the approval process. The Company did consider releasing an announcement on the receipt of the in-principle approval but subsequently decided to go with a more conservative approach after consultation with the Sponsor and to only release the announcement only when the formal approval is received as the formal approval is expected to be received in the next few months and as mentioned in part (1), the approval is for a smaller scale. Further, the in-principle approval does not have any material impact on the operations of the Group.
- (4) The current storage facility utilised by the Company is in the form of tailings dams. The dry stack is an engineered alternative storage facility adjacent to the tailings dams that the Company is in the process of seeking formal approvals for and it is intended that the dry stack will be used in conjunction with the tailings dam for the storage of tailings.
- (5) The Board’s assessment mentioned in the Previous Announcement is current.
- (6) The Board wishes to clarify that in the event that the approvals are not obtained, there will be no material impact on the operations of the Group, as it is of the view that adjustments can be made to the operational strategy as follows to ensure continuity in terms of operations:
 - (i) expediting ongoing plans for the construction of a new tailings dam which is expected to accommodate storage of tailings for an additional 10 years;
 - (ii) re-mining product from the existing tailings dam facility, which exhibits economically viable mineralization in its composition; and
 - (iii) processing higher grade ore to maximise gold recovery whilst minimizing waste outputs.

In view of the above, the Board is of the view that the limitation in terms of the capacity of the current tailings storage facility is not expected to affect the going concern of the Company.
- (7) The available capacity is highly dependent on factors such as grade of ore being processed, processing of product from existing tailings and whether the Company’s operational focus is more on processing or exploration. Such factors are constantly being adjusted and is dependent on the Company’s mine plan and strategy. As such it is currently not possible to quantify in terms of timing, the remaining capacity of the tailings storage facility.
- (8) As mentioned in the response to SGX Query 7 above, it is currently not possible to quantify in terms of timing, the remaining capacity of the tailings storage facility. We wish to clarify that such assessment is not covered in an Independent Qualified Person’s Report as per industry practice.

BY ORDER OF THE BOARD

Yao Liang
Executive Director
10 August 2022

*This announcement has been prepared by the Company and its contents have been reviewed by the Company's sponsor, W Capital Markets Pte. Ltd. (the "**Sponsor**").*

*This announcement has not been examined or approved by the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") and the SGX-ST assumes no responsibility for the contents of this announcement, including the correctness of any of the statements or opinions made or reports contained in this announcement.*

The contact person for the Sponsor is Ms Sheila Ong, Registered Professional, W Capital Markets Pte Ltd, 65 Chulia Street, #43-01 OCBC Centre, Singapore 049513, Telephone (65) 6513 3543.