



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

CLARIFICATION OF AUSTRALIAN FINANCIAL REVIEW ARTICLE

Shen Yao Holdings Limited (the “**Company**” and together with its subsidiaries, the “**Group**”) refers to the article dated 3 October 2022 (the “**Article**”) published in the Australian Financial Review entitled “**Ballarat gold mine grinds to a halt as tailings dam fills**”.

The Board is of the view that several parts of the Article are misleading and wishes to clarify and provide the following responses to the following paragraphs in the Article:

(a) **“Gold production at the controversial Ballarat mine has ground to a halt”**

The recent wet weather in and around Ballarat saw the amount of water in the tailings dam approach its storage limit, and management saw it as prudent to voluntarily suspend processing temporarily until the amount of water in the facility could be lowered.

The underground mine operations at Ballarat are proceeding as per normal, and long-term maintenance in the plant is being brought forward so that some future maintenance shutdowns may no longer be required.

(b) **“Shen Yao has not yet disclosed last week’s production halt to the Singapore Stock Exchange, despite the fact Singapore market regulators have repeatedly sought assurances from the company as to how much storage capacity it has at the site”**

The Company is of the view that the reduction in processing of gold did not need to be disclosed as of yet to the Sponsor and Singapore Stock Exchange as it is temporary in nature, with a clear plan towards resolution of this matter by mid-October and processing is expected to resume to normal levels.

(c) **“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,” said the company in a market filing signed by executive director Yao Liang”**

As mentioned in the Company’s announcements dated 4 and 10 August 2022, the Board is of the view that this limitation in terms of the capacity of the current tailings storage facility will not have a material impact on the operations of the Group as adjustments can be made to the operational strategy as follows to ensure continuity in terms of operations. Hence, it is not expected to affect the going concern of the Company:

- (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.

(d) **“Shen Yao sought to improve the operational performance of the mine in April by asking Hugh Morgan’s private equity firm Arete Capital to advise it on underground mining at Ballarat and mine permitting within the Victorian system. That appointment**

has revived the process of securing permits for the big new tailings dam at the southern end of the site, but the lost time through 2020 and 2021 means it is not expected to be permitted, built and ready for quite some time

The Board wishes to clarify that this application process has been ongoing even before the engagement of Arete Capital. The Group has made much progress in this matter, and as disclosed in the Company's announcements dated 4 and 10 August 2022, it has received in-principle approval in the form of a limited use of the Dry Stack and barring any unforeseen circumstances, is hoping to receive approval for the new tailings dam by the 4th quarter of 2022.

- (e) ***“The duration of the production halt was unclear on Monday, but it is often possible to free up extra capacity within a tailings dam by conducting dewatering initiatives or even reprocessing tailings”***

The Company confirms that dewatering initiatives are underway.

The Board confirms that, based on the disclosures made by the Company on the SGXNET, sufficient information is available for the market to continue trading in an orderly manner. The Board has reached this conclusion based on the fact that as at the date of this Announcement, all information required to be disclosed under Rule 703 of the Listing Manual of the SGX-ST has been so disclosed to the public via SXGNET announcement.

The Board will update shareholders of the Company as and when there are material developments in respect of the foregoing.

BY ORDER OF THE BOARD

Yao Liang
Executive Director
3 October 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.