



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

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## RESPONSE TO SGX QUERIES

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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:**

**We refer to the Company’s announcements on 2 Feb 2023: Update on Operations.**

It is stated that on 30 November 2022, the ERR issued a notice to Balmaine Gold Pty Ltd (“**Balmaine Gold**”), a wholly owned subsidiary of the Company, requiring Balmaine Gold to cease depositing tailings on TSF3 temporarily until the tailings storage facility is returned to compliance with the approved design and a report prepared by a suitable qualified dam engineer certifying the facility meets the approved design is to be provided to ERR prior to recommencing the deposition of tailings to TSF3.

- 1. Please explain why (a) the above was not disclosed when ERR issued the notice to Balmaine Gold in November 2022 and (b) the Company only disclosed it on 2 Feb 2023.**

It is stated that Mining and all other activities continued unabated during the period when the milling facility ceased operations for upgrading work.

- 2. Please explain how did the Company continue with the mining and all other activities when it ceased milling facility operations and depositing tailings on TSF3.**

**Response:**

While the processing plant stopped operation, gold ores cannot be milled but other production activities like exploration, drilling and gold extraction continues. Exploration and drilling are steps of gold mining before milling which yields gold ore that can be sold in the open market or to be milled before further processing for gold extraction. The Company assessed the situation and believed that since gold ores accumulated during this period while milling stopped can be milled and extracted later, the delay in cash receipt from sales of gold was expected to cast insignificant impact on the Company. In addition, the Company is of the view that since the processing halt was temporary in nature and the Company was already taking clear steps to resolve the processing halt, disclosure was unnecessary when the notice from ERR was received.

However, the Company believe that it is a good opportunity to give an update of the current mine production status, to give assurance to investors that currently the productions are running at full capacity and the Group is all set to recover from the lost production time due to the unusual heavy rainfall in September and October last year.

- 3. Please update shareholders on the status of construction of the new tailing storage facilities.**

**Response:**

As previously announced on 8 November 2022, the Company has obtained approval from the Earth Resources Regulation’s formal approval for the use of the Dry Stack on a greater scale, with commencement of work being subject to the Work Plan Variation being registered and the Company fulfilling all requirements under the Mineral Resources (Sustainable Development) Act 1990 (MRSDA).

**Dry Stack Facility**

In the interim the Company is able to deposit tailings on a small portion of the facility (Stage 1A) under an administrative change approval provision from the regulator and the Company is pleased to provide the following updates on the full construction of the Dry stack facility.

- a. Bulk earthworks have been completed and underflow drainage and remaining design works are expected to be completed over the next two weeks which will create significant medium term tailings storage capacity.
- b. Ecological assessments, design concepts and contractor selection were completed. It is expected that commencement of works will immediately begin upon the completion of 3(a) above. Construction will take approximately 10-12 weeks.

Upon full completion of the Dry Stack Facility, it will provide the required tailings storage capacity required until the Tailing Storage Facility 4 (the “TSF4”) expected to be completed in late 2024.

**Tailings Storage Facility 4**

The TSF4 project is an integral infrastructure project for the Company, designed to extend the tailings capacity of the Ballarat Gold Mine for a further ten years.

- a. The application for the TSF4 project was lodged with Ballarat City Council. There have been several objections to the project received. The company has engaged expert environmental legal representation, an experienced environmental planning representative along with appropriately qualified experts to work through the concerns raised in the objections.
- b. The company will work with the community and regulators to ensure that all environmental and visual amenity issues are fully complied with.
- c. The approval process is expected to take 10-12 months and the construction of TSF4 is expected to be completed in late 2024.

**4. Please update shareholders on the Company’s progress in reconstituting its board and key management team.**

**Response:**

The Company has identified a potential candidate and is in the process of discussion with this candidate about the directorship.

The Company is currently working on the formal appointment of the General Manager of its indirect wholly owned subsidiary, Balmaine Gold Pty Ltd (“Balmaine”) and will announce the appointment in due course.

After the departure of several key managements, including the former Deputy CEO, the Financial Controller and Head of Corporate Investments, Ms Gao Guanyi joined the Company on 15 November 2022 as the new Financial Controller. Ms Gao agreed to extend her work scope to cover the duty of the former Deputy CEO for the time being, with the guidance from the Group's CEO, Mr Yao Liang. The Company has no plan in filling the position of Head of Corporate Investments for the time being as the Company plan to restructure its Investment and Private Equity business.

5. **Please provide the Board' confirmation as to whether sufficient information has been disclosed to enable trading of the Company's shares to continue in an orderly manner and the bases for its views.**

**Response:**

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. 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 SGXNET announcement.

**BY ORDER OF THE BOARD**

Yao Liang  
Group Executive Chairman and Group Chief Executive Officer  
6 February 2023

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*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.*