



QUARTERLY REPORT - 3 months ending 31st December 2013 HIGHLIGHTS

SIHAYO PUNGKUT GOLD PROJECT, INDONESIA (75%)

- Maiden Sihayo Ore Reserve announced and conclusion of current Feasibility Study
- 1.4M Oz Resource (previously announced June 2013) completed by H&SC Consultants Pty Ltd
- 554K Oz Sihayo Ore Reserve estimate (in-situ) and Life of Mine plan prepared by Entech Pty Ltd
- Resource & Reserve prepared in accordance JORC Code 2012 edition and guidelines for the reporting of Mineral Resource Estimates and Ore Reserves
- 428K Oz recovered from 'Sihayo Life of Mine' (LOM) gold production from proposed open pit mining, includes 35K Oz recovered from Inferred ore
- 7.8Mt ore mined at 2.4g/t average grade and 3.4:1 (Waste:Ore) strip ratio over 10 year LOM
- Processing rate of 750ktpa at an average recovery of 71% delivers approximately 43K Oz/yr over the LOM
- Average Site Cash Operating Costs US\$775/oz¹ (assumes diesel fuel power supply)
- Construction Capital Estimate US\$58.7M equates to US\$137/oz recovered (assumes diesel power generation and excludes contingency)
- US\$57.5M LOM NPV₈ estimate (Pre Tax & including Royalty) assuming gold price at \$1,400/oz
- Excludes further potential gold production from Sambung and future opportunities from Sihayo
- Company focussed on activity to obtain permits and approvals required to achieve a Construction permit

CORPORATE

- The company announced and successfully completed a Non Renounceable Entitlement Issue which raised \$3m before costs.
- Company ended the December Quarter with \$A459k in cash and is debt free.

Note

1. LOM Average Site Cash Operating Costs do not include a total of US\$27.9m to be spent over the full 10 years of Sihayo LOM for tailings storage facility construction

REVIEW OF OPERATIONS

The focus of activities during this quarter included ongoing work to conclude the Sihayo Pungkut Gold Project ("SPGP") Feasibility Study, permitting and approvals as well as reductions to personnel and expenditures associated with surface exploration and other non priority activity.

1. SPGP Feasibility

Mineral Resource Estimate

The Sihayo and Sambung deposits Mineral Resource Estimate was previously announced June 17, 2013 and no material changes have occurred. It is based on Mineral Resource Estimates review and work undertaken by H&S Consultants Pty Ltd. The relevant JORC 2012 Table 1 is included as an appendix.

<i>Resource</i>	<i>Tonnage (Mt)</i>	<i>Grade Au (g/t)</i>	<i>Contained Gold ounces</i>	<i>JORC Classification</i>	<i>Au Cut-off grade (g/t)</i>
SIHAYO	2.4	2.8	218,000	Measured	1.2
	9.2	2.5	747,000	Indicated	1.2
	3.7	3.0	357,000	Inferred	1.2
	15.3	2.7	1,322,000	Measured & Indicated & Inferred	1.2
SAMBUNG	0.5	2.1	32,000	Measured	1.2
	1.0	2.0	65,000	Indicated	1.2
	0.1	2.0	6,000	Inferred	1.2
	1.6	2.0	102,000	Measured & Indicated & Inferred	1.2
TOTAL	16.9	2.6	1,424,000	Measured & Indicated & Inferred	1.2

"Above figures may not sum due to rounding. Significant figures do not imply an added level of precision"

Ore Reserves

Indicated and Measured Resources have been converted to Probable and Proved Ore Reserves respectively subject to mine design physicals and an economic evaluation by Entech Pty Ltd. All Inferred material was set to zero grade for the purposes of the estimation. The relevant JORC 2012 Table 1 is included as an appendix.

<i>Resource</i>	<i>Tonnage (Mt)</i>	<i>Grade Au (g/t)</i>	<i>Contained Gold ounces</i>	<i>Resource Category</i>
SIHAYO	2.43	2.4	190,000	Proved
	4.71	2.4	363,000	Probable
TOTAL	7.14	2.4	554,000	Proved & Probable

"Calculations have been rounded to the nearest 1,000t, 0.1 g/t grade and 1,000oz metal"

Location Plan

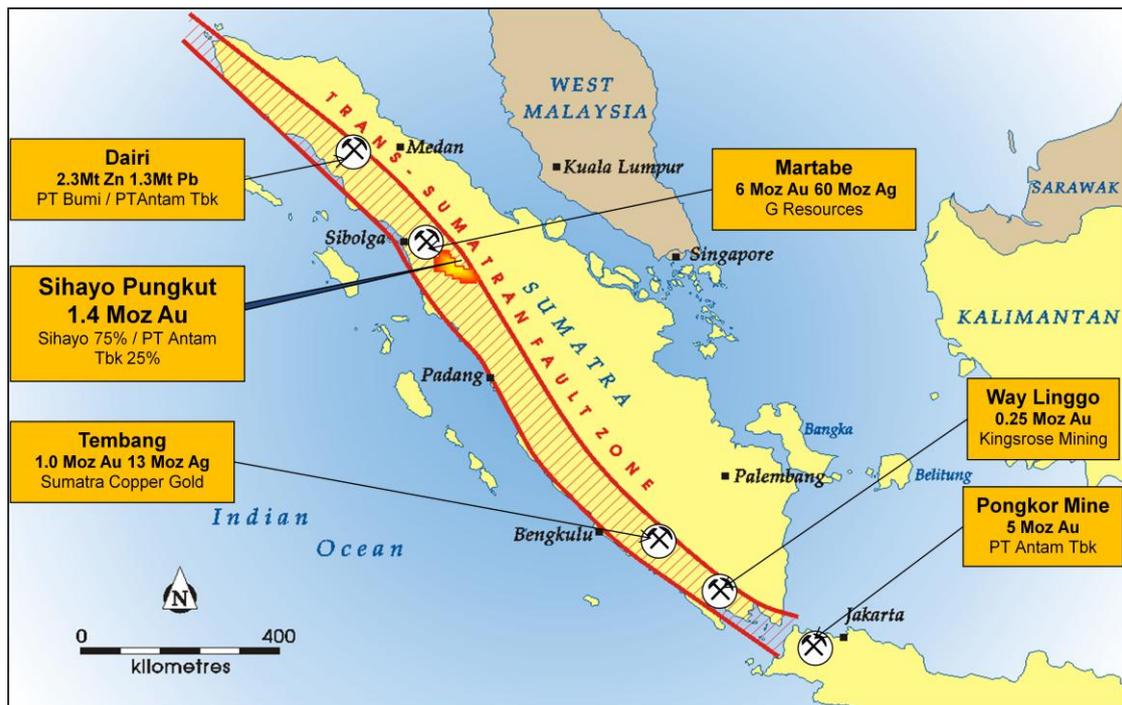


Figure 1: Significant Indonesian mineral deposits including the Sihayo Pungkut Gold Deposit

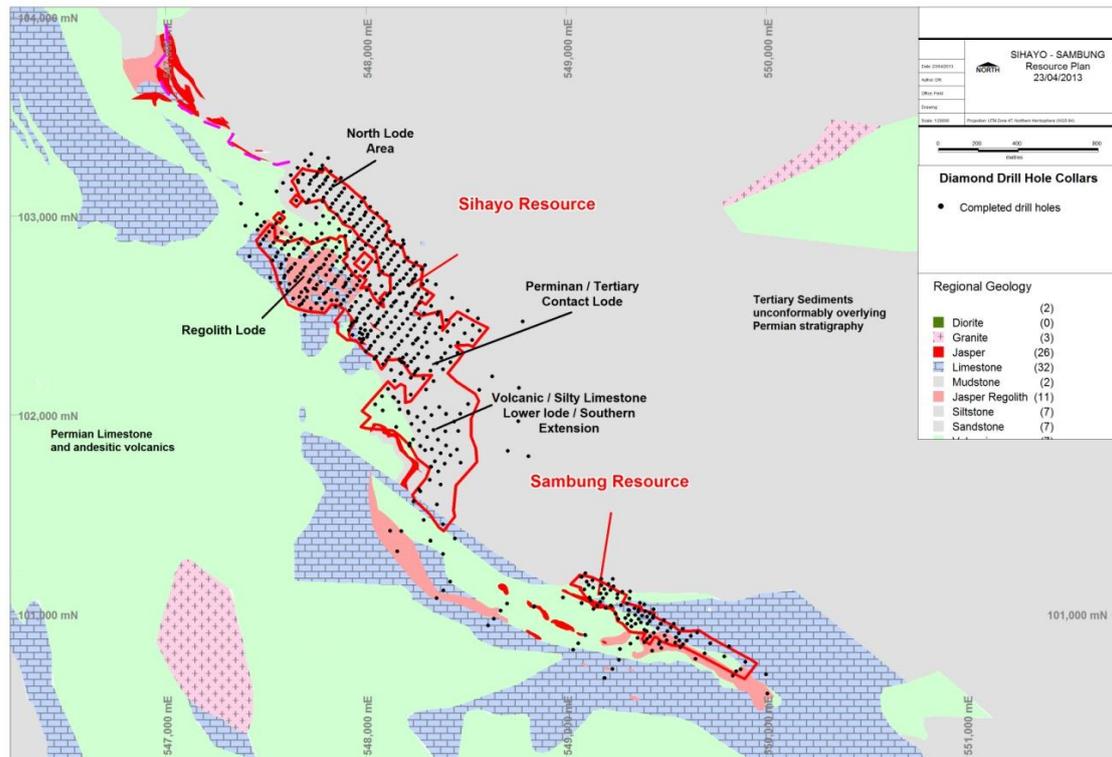


Figure 2: Sihayo-Sambung Resources Location Plan

Life of Mine Plan (LOM)

Mine optimisation and designs used a gold price of US \$1,300 / oz.

Mining of the open pit will be achieved using conventional open pit mining methods (drill, blast, load and haul) utilising 50 t class excavators and 38 t trucks (payload). This fleet was chosen for availability in-country, productivity potential and cost effectiveness.

All ore will be trucked directly from the pit floor to the Processing Plant ROM by the mining fleet. This represents an ex-pit haulage distance of approximately 2.25 km.

Ore will be treated through a 750 kt/yr capacity process plant with an assumed 85 % operational availability. The process flowsheet is based on treatment of a free milling gold ore.

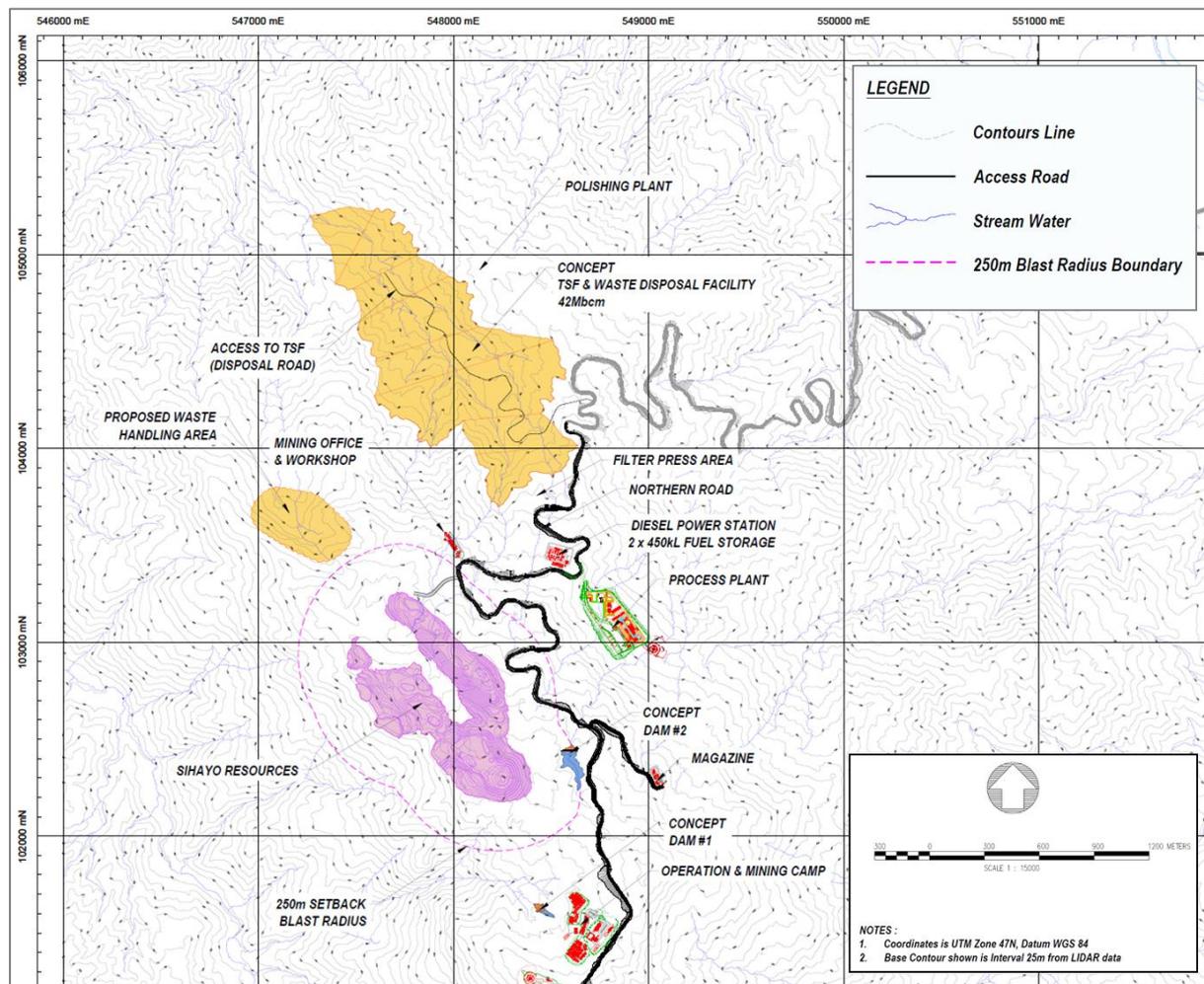


Figure 3: Project Site Area

A programme of testwork has been carried out on 19 composite samples representing mineralisation from the Sihayo - Sambung deposits. Thirteen of these composites are relevant to the proposed Sihayo open pit mining area and represent various ore types consisting of different combinations of lithology, degree of oxidation and lode location.

A grind size of P₈₀ 150 μm and a leach time of 20 hours were shown to be the optimum for CIL processing. Material handling will feature mineral sizers for handling sticky ores with high clay content expected during initial stages of the project. Feeders, chutes and associated equipment will be designed and constructed accordingly.

Prior to more competent material types being presented, it is proposed to undertake a process plant upgrade of the comminution circuit (additional crushing and grinding capacity).

Average gold recoveries are as per the following table.

Weathering Description	Oxidation	Recovery
Oxide	≥ 70%	87.3 %
Transitional	≥ 30% < 70%	69.1 %
Fresh	< 30%	62.1 %
Total		70.9 %

All waste material is planned to be used in the Tailing Storage Facility (TSF) construction. It is proposed to dewater all process plant tailings after detoxification using a filter press prior to placement within the TSF. Any additional mine waste surplus to TSF construction requirements may be placed within appropriate long term storage areas adjacent to the pit.

Capital Costs

All surface infrastructure capital costs associated with the processing facility have a base date from September 2013 and are broken down below exclusive of contingency on construction.

Description	Cost (\$M)
Construction	
Owners Costs	5.7
Process Plant	17.7
Infrastructure and Services	25.5
Waste Dump Thickener and Filter Press	3.8
EPCM & Support Services	6.0
<u>Sub-total - Construction</u>	<u>58.7</u>
Process Plant Upgrade (Year 6)	12.1
Total Plant & Infrastructure	70.9
Mining - (LOM)	8.1
Sustaining Capital - (LOM)	6.0
Total Capital Costs	85.0

Operating Costs

The average operating costs (C1) for the LOM are as follows;

Operating Costs (C1*)		
<i>Mining</i>	<i>\$ 271 / oz recovered</i>	<i>\$ 3.29 / t (ore + waste)</i>
<i>Processing - Power</i>	<i>\$ 222 / oz recovered</i>	<i>\$ 12.21 / t ore processed</i>
<i>Processing – Other (excluding TSF)</i>	<i>\$ 162 / oz recovered</i>	<i>\$ 8.89 / t ore processed</i>
<i>G&A (includes refining charges)</i>	<i>\$ 120 / oz recovered</i>	<i>\$ 6.58 / t ore processed</i>
Total C1 cash cost (LOM)	\$ 775 / oz recovered	\$ 38.98 / t ore processed
<i>Tailing Storage Facility</i>	<i>\$ 65 / oz recovered</i>	<i>\$ 3.58 / t ore processed</i>

* C1 costs exclude Sustaining Capital, Royalties, Head Office Costs and Depreciation

Final revenue modelling of the project used a gold price of US \$1,400 / oz. (This assumption has been calculated by applying a discount to the 4 year trailing average gold prices)

Pre tax NPVs has been used given the significant accumulated tax loss position within PT Sorikmas Mining. In addition, the majority of exploration and feasibility related project spending has been accounted for as loans from Sihayo Gold Limited to PT Sorikmas Mining.

Permitting and Approvals

The Project is located within a Generation VII Contract of Work (CoW) located in Northern Sumatra, Indonesia.

The Company holds an interest in the Project through 100% ownership of Aberfoyle Pungkut Investments Pte Ltd (API). The CoW is held by PT Sorikmas Mining (Sorikmas) which is operated under a Joint Venture arrangement between API - 75% and PT Aneka Tambang – 25% (ANTAM).

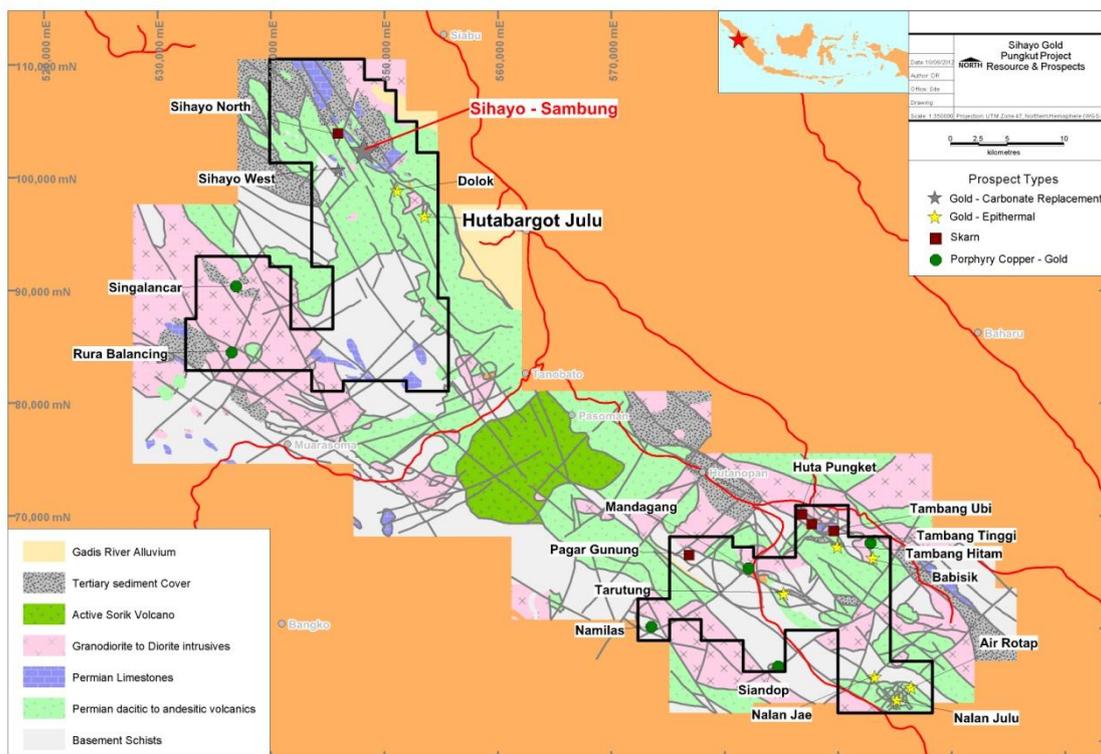


Figure 4: Sihayo Pungkut Gold Project – CoW Boundary, Project Location & Key Prospects

Key permits for the project to progress to the construction phase are as follows:

- AMDAL assessment will be used by the Ministry of Environment (KLH) as an instrument for supervision over the project and regional development in the area of the operation. A submission has been made in relation to the ‘terms of reference’ (KA-ANDAL) for this assessment. We await permission to proceed.
- A Government of Indonesia Feasibility Study is expected to be submitted during Q1 2014 comprising technical and financial information in support of the project.
- Forestry or ‘Borrow and Use’ (Pinjam Pakai) permitting from the Forestry Department must be completed subject to receipt of final permits on the above.

At the time of writing all permits required for obtaining a Construction permit have been initiated (except for Forestry Permit) and other than some additional clarification required on our submissions we await approvals to proceed.

An application has been made to the Government of Indonesia for an extension of the Feasibility Period provided for in the CoW.

2. Hutabargot Prospect

No activity to report

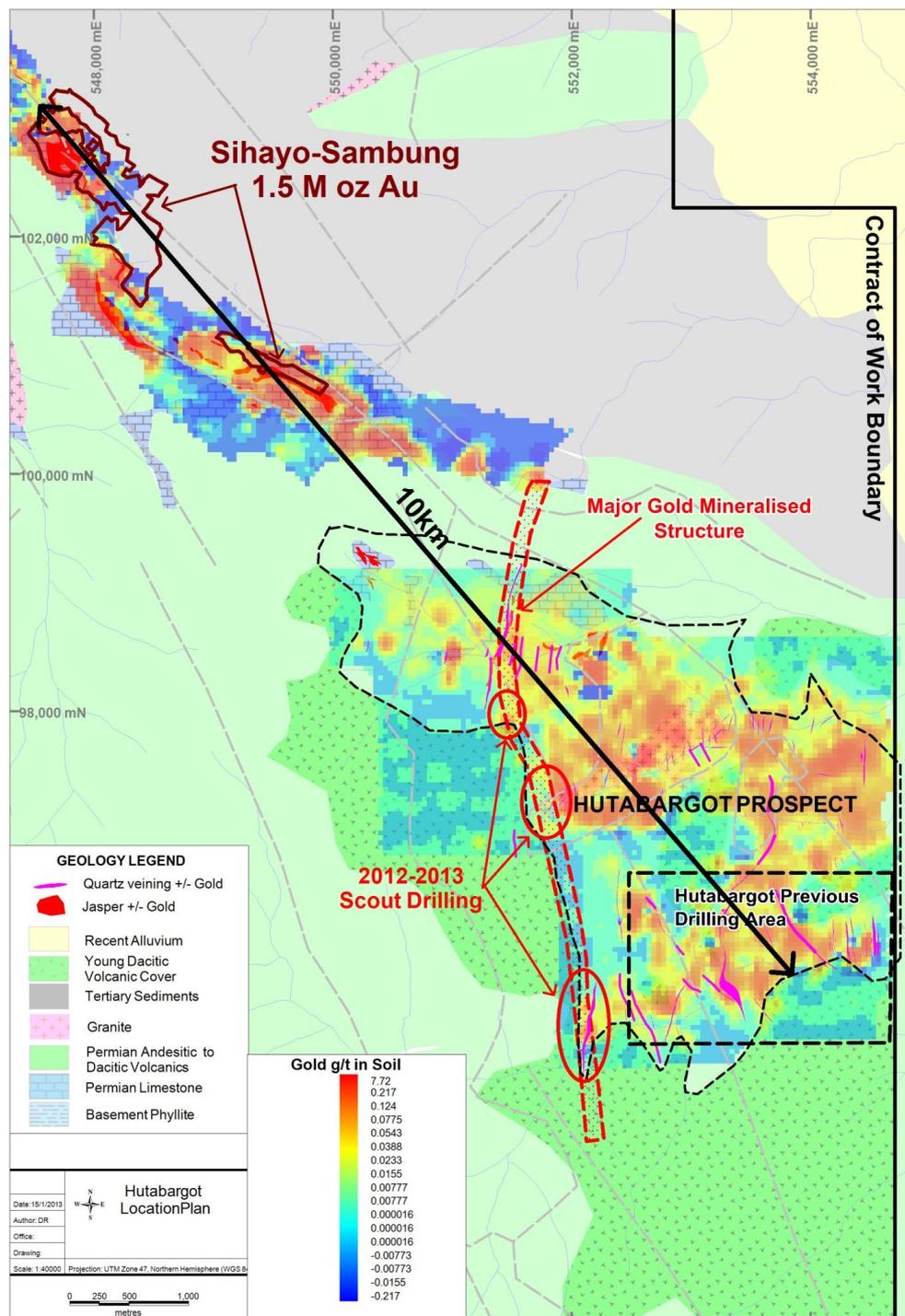


Figure 3: Hutabargot Julu Location

3. Surface Exploration

No activity to report.

4. Key Focus

The following key activities remain;

- Management is working with major shareholders in respect to ongoing funding requirements. The Saratoga and Provident Groups have indicated they remain supportive of the Company.
- Focus activity of the company to obtain permits and approvals required to achieve a Construction permit for the project during 2014.
- Substantial cost reductions have already been initiated and these are forecast to drop further with the conclusion of the feasibility study.
- Initial discussions commenced with potential providers of project finance to be further developed during 2014.
- Pursue potential power supply for the project from the 'in-country' power provider (PLN). Discussions have commenced with PLN
 - In terms of sensitivity a 50% reduction in power cost will reduce C1 Cash Cost by approximately US\$ 110 per oz recovered.
- Investigate additional opportunities to improve metallurgical recovery.
 - In terms of sensitivity, an improvement in LOM average gold recovery to 76% will improve C1 Cash Cost by approximately US\$ 50 per oz recovered.
- Further optimisation of construction and mine planning, schedules and associated costs.

5. SUMMARY OF TENEMENTS HELD BY COMPANY

Project Name	Tenement	Approval Date	Expiry Date	Area	Equity %
OROPA INDIAN RESOURCES					
INDIA					
Block D7		22.01.00	N/A	4,600km ²	9 ⁽¹⁾
PT SORIKMAS MINING					
INDONESIA					
Pungkut	96PK0042	31.05.96	N/A	66,200ha	75
SIHAYO GOLD LIMITED					
WESTERN AUSTRALIA					
Mt. Keith	M53/490	11.06.04	10.06.25	582ha	0 ⁽²⁾
	M53/491	11.06.04	10.06.25	621ha	0 ⁽²⁾
EXCELSIOR RESOURCES PTY LTD					
Mulgabbie					
	ML28/364	25.03.09	24.03.30	54.3ha	0 ⁽²⁾
Gullewa	M59/394			200.0	0 ⁽³⁾

NOTES

- (1) Option to increase interest to 18%
- (2) 2% net smelter royalty
- (3) 5% profit royalty

6. Corporate

On September 13th, Sihayo Gold Limited (the Company) announced its intentions to raise up to approximately \$2,956,913 (before costs) through a pro rata non-renounceable entitlements offer of one (1) fully paid ordinary share in the capital of the Company (Share) for every ten (10) Shares held by eligible shareholders on the record date at an issue price of \$0.035 per Share (Entitlement Offer).

The offer closed on 24 October with applications for 16.2m shares received raising \$581,936 before costs. The company successfully placed the shortfall shares with selected investors and with Provident Minerals in accordance with the underwriting agreement.

The Company ended the December Quarter with A\$459,000 in cash. The Company is debt free having repaid the loan from Provident Minerals from the proceeds of the Non Renounceable Entitlement Issue.

Management believes it continues to have the support of major shareholders and is working with them in relation to ongoing funding requirements. The company has agreed to the terms of a short term loan from a major shareholder until the details of a share placement are finalised.

Yours faithfully,

SIHAYO GOLD LIMITED

Stuart Gula
Managing Director
31st January 2014

Note

All statements in this report, other than statements of historical facts that address future timings, activities, events and developments that the Company expects, are forward looking statements. Although Sihayo Gold Limited, its subsidiaries, officers and consultants believe the expectations expressed in such forward looking statements are based on reasonable expectations, investors are cautioned that such statements are not guarantees of future performance and actual results or developments may differ materially from those in the forward looking statements. Factors that could cause actual results to differ materially from forward looking statements include, amongst other things commodity prices, continued availability of capital and financing, timing and receipt of environmental and other regulatory approvals, and general economic, market or business conditions.

Mineral Resources and Ore Reserves

The information is extracted from the reports entitled "Mineral Resource Estimation of the Sihayo & Sambung Deposits, Sumatra Indonesia" created on 5 December 2013 and "Sihayo Open Pit Reserves" created on January 2014 and are available to view on www.sihayogold.com. The company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcement and, in the case of estimates of Mineral Resources or Reserves, that all material assumptions and technical parameters underpinning the estimates in the relevant market announcement continue to apply and have not materially changed. The company confirms the form and context in which the Competent Person's findings are presented have not been materially modified from the original market announcement.

Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10, 01/05/2013

Name of entity

Sihayo Gold Limited

ABN

77 009 241 374

Quarter ended ("current quarter")

31 December 2013

Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A'000	Year to date (6 Months) \$A'000
1.1 Receipts from product sales and related debtors		
1.2 Payments for (a) exploration & evaluation (b) development (c) production (d) administration	(2,075)	(4,875)
1.3 Dividends received	(88)	(157)
1.4 Interest and other items of a similar nature received	6	10
1.5 Interest and other costs of finance paid	(13)	(13)
1.6 Income taxes paid		
1.7 Other (provide details if material)		
Net Operating Cash Flows	(2,170)	(5,035)
Cash flows related to investing activities		
1.8 Payment for purchases of: (a) prospects (b) equity investments (c) other fixed assets	3	3
1.9 Proceeds from sale of: (a) prospects (b) equity investments (c) other fixed assets		
1.10 Loans to other entities		
1.11 Loans repaid by other entities		
1.12 Other (provide details if material)		
Net investing cash flows	(2,167)	(5,032)
1.13 Total operating and investing cash flows (carried forward)	(2,167)	(5,032)

+ See chapter 19 for defined terms.

Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	(2,167)	(5,032)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	2,957	2,957
1.15	Proceeds from sale of forfeited shares		
1.16	Proceeds from borrowings	370	649
1.17	Repayment of borrowings	(649)	(649)
1.18	Dividends paid		
1.19	Other (provide details if material)	(138)	(138)
	Net financing cash flows	2,540	2,819
	Net increase (decrease) in cash held	373	(2,213)
1.20	Cash at beginning of quarter/year to date	97	2,792
1.21	Exchange rate adjustments to item 1.20	(11)	(120)
1.22	Cash at end of quarter	459	459

Payments to directors of the entity, associates of the directors, related entities of the entity and associates of the related entities

	Current quarter \$A'000	
1.23	Aggregate amount of payments to the parties included in item 1.2	120
1.24	Aggregate amount of loans to the parties included in item 1.10	

1.25 Explanation necessary for an understanding of the transactions

Negotiations are almost complete for a placement to major shareholders to cover operational expenses for the following quarter. Terms of a bridging loan have been agreed with a major shareholder.

Non-cash financing and investing activities

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

Not Applicable

+ See chapter 19 for defined terms.

Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

- 2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

Not Applicable

Financing facilities available

Add notes as necessary for an understanding of the position.

	Amount available \$A'000	Amount used \$A'000
3.1 Loan facilities		
3.2 Credit standby arrangements		

Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	1,500
4.2 Development	
4.3 Production	
4.4 Administration	200
Total	1,700

Reconciliation of cash

	Current quarter \$A'000	Previous quarter \$A'000
Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.		
5.1 Cash on hand and at bank	459	53
5.2 Deposits at call	-	44
5.3 Bank overdraft		
5.4 Other (provide details)		
Total: cash at end of quarter (item 1.22)	459	97

+ See chapter 19 for defined terms.

Changes in interests in mining tenements and petroleum tenements

	Tenement reference and location	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1	Interests in mining tenements and petroleum tenements relinquished, reduced or lapsed			
6.2	Interests in mining tenements and petroleum tenements acquired or increased			

Issued and quoted securities at end of current quarter

Description includes rate of interest and any redemption or conversion rights together with prices and dates.

	Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1				
7.2				
7.3				
7.4				
7.5				
	896,332,284	896,332,284		
	51,499,991	51,499,991		

+ See chapter 19 for defined terms.

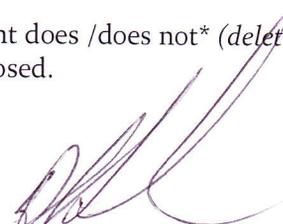
Mining exploration entity and oil and gas exploration entity quarterly report

7.6	Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7	Options (description and conversion factor)			<i>Exercise price</i>	<i>Expiry date</i>
		1,000,000		\$0.125	1/10/2014
		1,000,000		\$0.130	1/10/2014
		1,000,000		\$0.125	1/10/2015
		1,000,000		\$0.130	1/10/2015
7.8	Issued during quarter				
7.9	Exercised during quarter				
7.10	Expired during quarter				
7.11	Debentures (totals only)				
7.12	Unsecured notes (totals only)				

Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 5).
- 2 This statement does /does not* (*delete one*) give a true and fair view of the matters disclosed.

Sign here:


 Date: 31/1/14
 (Director/Company secretary)

Print name:

Daniel Moran

+ See chapter 19 for defined terms.

Notes

- 1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements and petroleum tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement or petroleum tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 The definitions in, and provisions of, *AASB 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report.
- 5 **Accounting Standards** ASX will accept, for example, the use of International Financial Reporting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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