



QUARTERLY REPORT

3 months ending 30th September 2015

REVIEW OF OPERATIONS

1. Corporate

The Company and PT Saratoga Investama Sedaya (SIS) have agreed in Principle the terms of a to a loan of USD500,000 to fund working capital requirements. The first drawdown is expected in the first week of November 2015.

The Company concluded a USD 500,000 loan agreement with Provident Minerals Pte Ltd (Provident) which has been fully drawn.

Provident and SIS are both major shareholders of the Company and continue to be committed to supporting the operations of the Company .

Terms and conditions of the loans are similar to that previously negotiated, which is that the loans will have a 12 month maturity and 7% interest rate.

Directors have negotiated this outcome in the best interests of the Company and all Shareholders.

The Company ended the quarter with AUD 4,000.

2. Sihayo Pungkut Gold Project

The Sihayo Pungkut Gold Project is located within a Generation VII Contract of Work (CoW) located in Northern Sumatra Indonesia, as per Figure 1 below.

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).

The Project has Mineral Resources of Measured, Indicated and Inferred containing 1.4M gold ounces¹ reported in accordance with JORC 2012 within which is contained a combined Proved and Probable Ore Reserve of 554,000 gold ounces².

The Company continues to work toward completion of Statutory permitting & approvals as well as investigation of opportunities to further optimise the results of the feasibility study announced in relation to the Sihayo Pungkut Gold Project (“the Project”) on 29 January 2014.

¹ No new information has been included since the information was released in an announcement on 17/06/2013

² No new information has been included since the information was released in an announcement on 29/01/2014



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

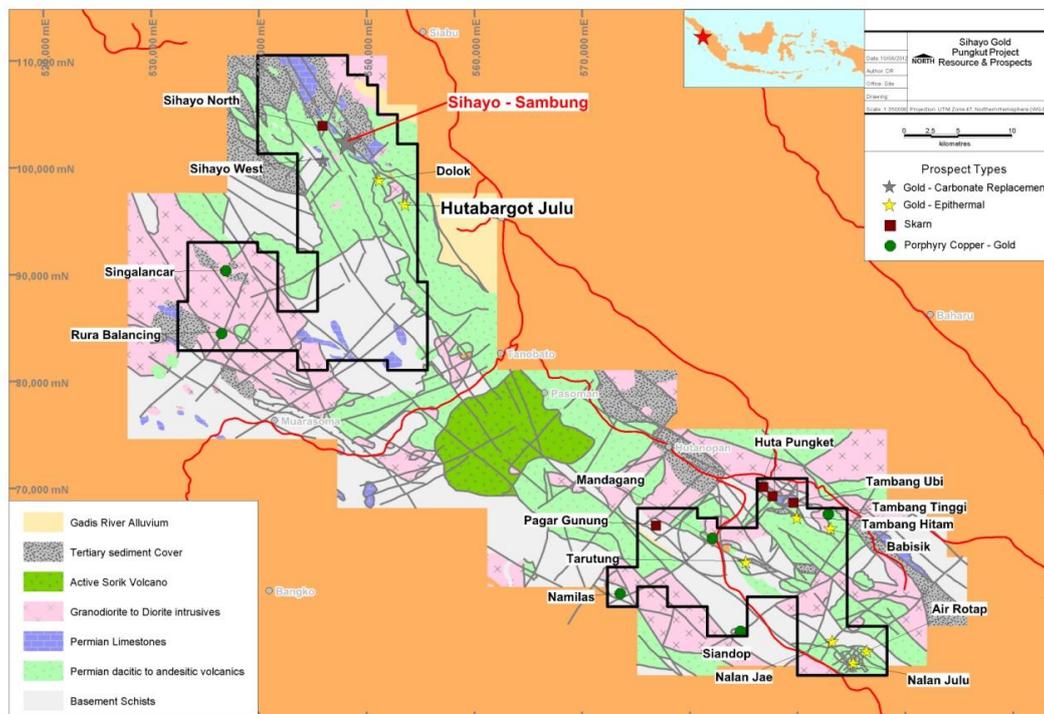


Figure 2: Sihayo Pungkut Gold Project – CoW Boundary, Project Location & Key Prospects

Permitting and Approvals

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

- A Government of Indonesia Feasibility Study was submitted during February 2014 comprising technical and financial information in support of the project. The Company announce receipt of 'initial' approval of this submission on 24 September 2014.

Final Approval is expected to be provided following further application by the Company upon completion of the AMDAL.

- The AMDAL assessment is used by the Ministry of Environment (KLH) as an instrument for supervision over the project and regional development in the area of the operation.
 - Our submission in relation to the 'terms of reference' (KA-ANDAL) for this assessment was approved 14 October 2014.
 - Following our submission on 8 December 2014 the Company was requested to attend Technical and Plenary review sessions of the Environmental and Social Impact Assessment (ANDAL), the Management Plan (RKL) and the Monitoring Plan (RPL) with the Department of Environment (KLH) and local stakeholders respectively during February 2015.
 - Collectively known as AMDAL a revised submission of these documents, incorporating feedback received from the technical and Plenary Sessions, was submitted to KLH on 14 April 2015.
 - Following further clarifications and adjustments our most recent submission for consideration by KLH was made on 16 July 2015.

We await approval regarding this submission, following which we can apply for issuance of an Environmental Permit from the Minister of Environment.

- 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.

As a result of the protracted approvals process, the Company has made a request and is expected to receive a further extension to the 'Feasibility Study Period' specified in the Contract of Work (CoW).

Feasibility Study Optimisation

The company continues to pursue a number of scenarios that will optimise outcome of the 29 January Feasibility Study.

a) Power Supply

As previously announced, we are in receipt of an alternative approach to power supply which considers the use of leased power generation equipment with diesel fuel and natural gas fuel ('dual fuel') which delivers a significant cost reduction to the project.

Assuming prices of US\$0.80/litre and US\$18.10/gJ respectively for diesel and natural gas, power costs for the project are indicated at US\$0.21 – US\$0.23 per kWh based on diesel usage of 50% - 100% per kWh required. (Previously US\$0.35 per kWh using 100% diesel)

Assuming no other changes, this delivers a significant improvement on our previously announced 29 January 2014 “SIHAYO ‘MAIDEN’ ORE RESERVE & FEASIBILITY STUDY COMPLETION” as follows;

- Average Site Cash Operating Costs¹ US\$691 - US\$704/oz processed (Previously US\$775.65/oz)
- US\$74 – US\$77M LOM NPV₈ estimate (Pre Tax & including Royalty) assuming gold price at \$1,400/oz. (Previously US\$57.5M)

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

Our discussions continue with the local and regional power supply regulator in relation further potential power cost reduction via a potential diesel power supply contract associated with a future local grid connection and associated infrastructure.

b) Mining Costs

We are working with ‘in country’ service providers in relation to optimisation of our Mining plans and cost estimates.

A number of Confidentiality Agreements have been signed with potential sources of project funding following preliminary discussions about financing for the project.

Updates will be provided in due course as sufficient information comes to hand.

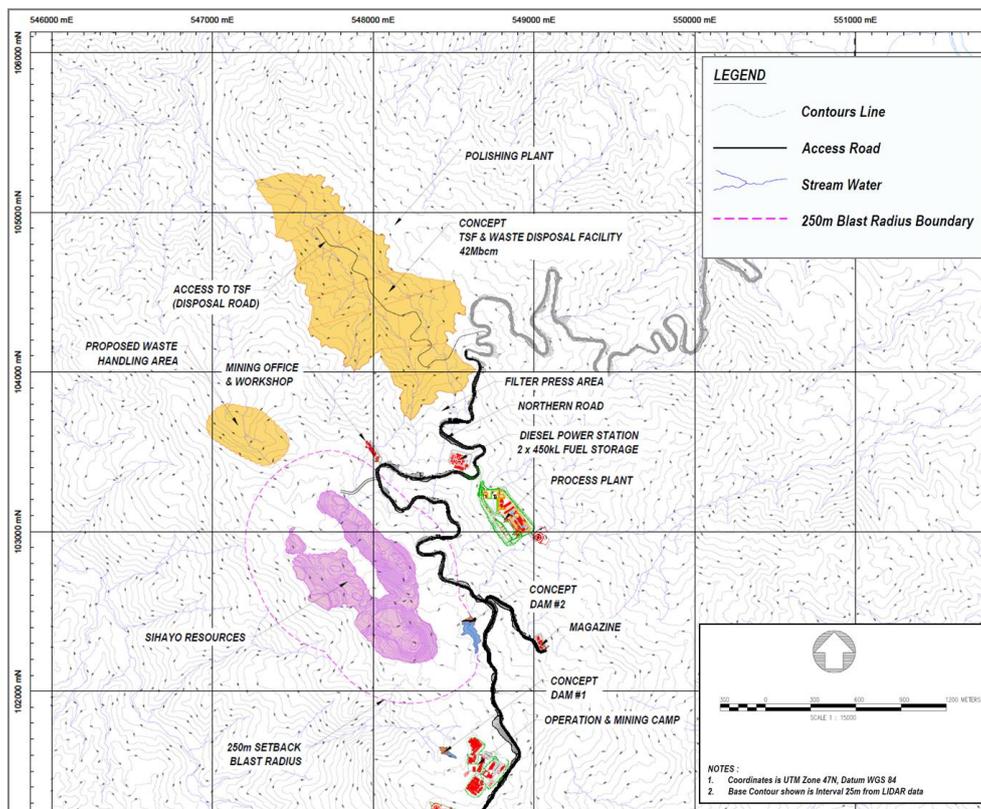


Figure 3: Project Site Area

3. Hutabargot Prospect

No activity to report

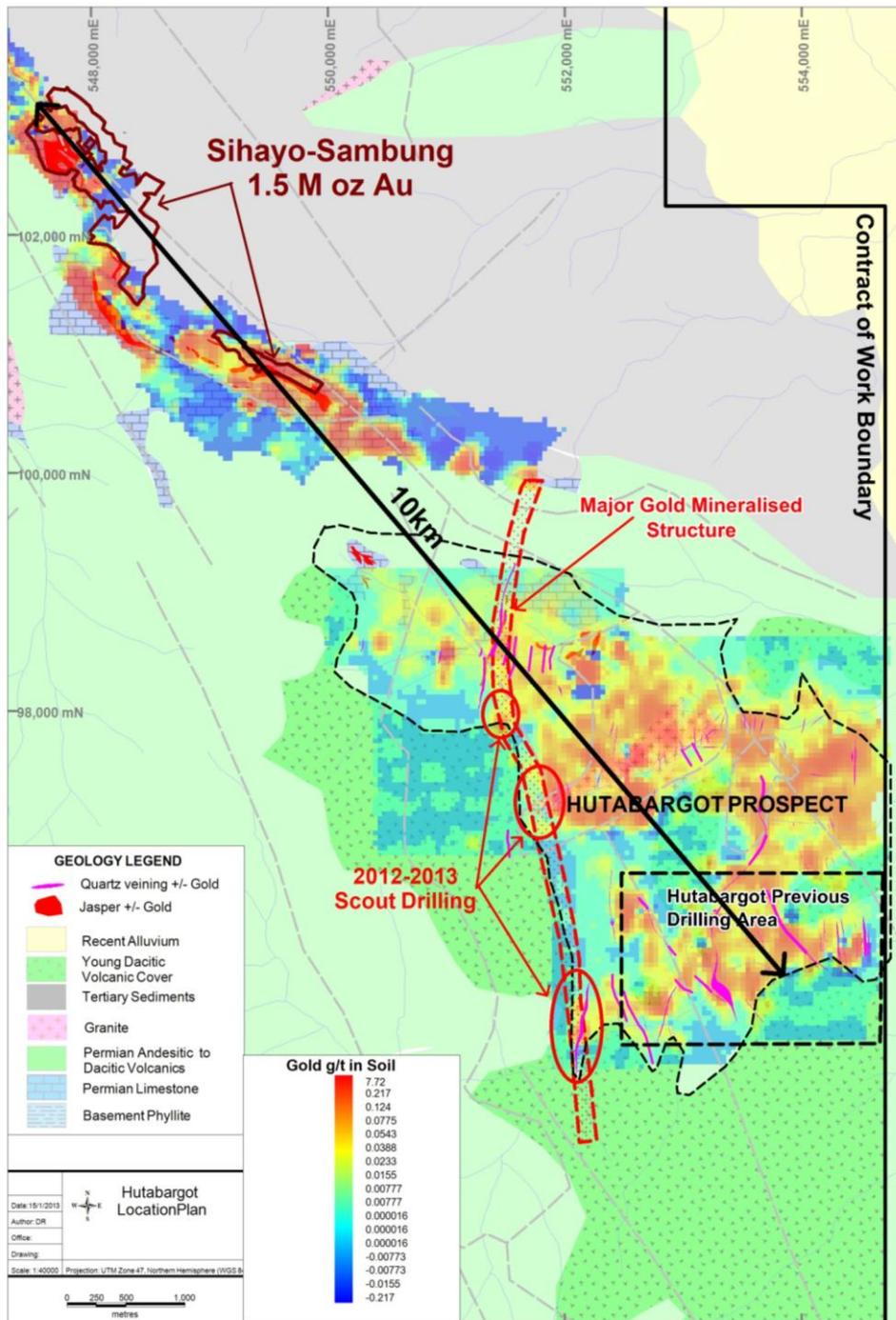


Figure 4: Hutabargot Julu Location

4. Surface Exploration

No activity to report.

Management continues to work with major shareholders with respect to ongoing funding requirements to complete the license and permitting phase, and complete further evaluation of the project in the light of considering options for project financing.

The Saratoga and Provident Groups have indicated they remain supportive of the Company and are comfortable with the strategy the company is following.

SIHAYO GOLD LIMITED

Stuart Gula
Managing Director
30th October 2015

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.