



SIHAYO PUNGKUT GOLD PROJECT Feasibility Study Update

12th September 2013

The Board of Sihayo Gold Limited ("Sihayo" or "the Company") would like to provide an update on its 75% owned Sihayo Pungkut Gold Project ("the Project"), located in North Sumatra, Indonesia.

Further to our announcement of 22 July 2013 which identified the requirement to re-examine and potentially re-configure the Project, the Company has developed a plan for mining the near surface mineralisation ("Stage 1") at the Sihayo deposit as part of a proposed staged development strategy.

Indicative results are highlighted as follows;

- **4.6Mt Ore mined @ 2.4g/t Au**
- **Waste to ore strip ratio 1.8: 1**
- **Processing Rate 750ktpa**
- **276,000 Ounces of recovered gold produced (includes 264,500oz from Measured & Indicated ore and 11,500oz from Inferred ore)**
- **Initial 6 year Stage 1 mining period**
- **Average Processing recoveries 78%**
- **Average Site Cash Operating Costs US\$635/oz¹ (assumes diesel fuel power supply)**
- **Construction Capital Estimate US\$55 – US\$60M equates to US\$208/oz (includes diesel power generation and excludes contingency)**

These results reflect improved outcomes from metallurgical testwork that has been completed and reflects coarser grinding requirements and lower retention times than previously identified.

Please note we continue to refine the process plant operating parameters, mine design & schedule and associated operating costs that will also be impacted by further results from pending metallurgical testwork on Stage 1 due for completion in November.

Alternative power solutions, such as a coal fired power plant have the potential to significantly reduce processing costs but will require some additional CAPEX. The full evaluation of alternatives will take several months to be refined.

While developing our planning for Stage 1, we continue our efforts to realise significant value from the remaining gold ounces contained within the total JORC Compliant Resource.

A further 700,000 ounces remains within the Measured and Indicated Resource category that is being considered for extraction via either surface and/or underground mining from subsequent stages of the Project.

“Stage 1 is aimed at developing an operating scenario that quickly repays initial capital and provides an operating footprint to realise the value from known resources at depth as well as from other exploration prospects such as Hutabargot”, says Mr. Stuart Gula, Chief Executive Officer.

The Company has adjusted its activity to reduce in-field exploration work and prioritise permitting and approvals required to advance the Project.

Management is working with major shareholders in respect to ongoing funding requirements that is expected to be announced separately.

The company will provide further updates on the progress of the feasibility study as appropriate.

Yours faithfully,

SIHAYO GOLD LIMITED

Stuart Gula
Chief Executive Officer
12th September 2013

Note

1. LOM Average Site Cash Operating Costs do not include a total of US\$10.9m to be spent over the full 6 years of Stage 1 for tailings storage facility construction.

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.