



## **QUARTERLY REPORT**

### **3 months ending 30 June 2019**

#### **REVIEW OF OPERATIONS**

##### **1. Corporate**

The Company finished the quarter with AUD 6.26 million cash, which included proceeds of AUD 6.95 million from the company's fully underwritten rights issue on 11 April 2019.

In the course of completing the rights issue, the company unintentionally breached ASX Listing Rules and incorrectly placing part of the shortfall to a director. The 220,058,128 affected shares ("Shortfall Shares"), which were issued at AUD 0.015 per share account for approximately AUD 3.30 million of the closing cash balance for the quarter.

The company is in the process of correcting this breach and will put forward a proposal to shareholders to buyback the Shortfall Shares. This will occur at the Extraordinary General Meeting the company will hold to seek shareholder approval for the placement of shares to PT Merdeka Copper and Gold to raise approximately USD1.5m to fund the drilling program at Hutabargot Julu (refer to 12 February 2019 announcement). The company anticipates that it will also seek shareholder approval for the placement of additional shares to replace the proceeds that will be used to repurchase the Shortfall Shares.

##### **2. Sihayo Gold Project**

The Sihayo Gold Project is located within a Generation VII Contract of Work (CoW) located within 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 PR Sorikmas Mining (Sorikmas) which is operated under a joint Venture arrangement between API (75%)

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and PT Aneka Tambang TBK (25%) (ANTAM).

During the quarter the company made final preparations to commence its first drill program since 2013. The drilling program has defined some 12,000 meters of diamond core drilling divided in to two stages:

- Stage one includes up to 7,000 meters of infill diamond drilling to an average depth of around 100 meters with the objective of increasing the confidence in Sihayo mineral resource to inform continuing mining studies; and
- Stage two includes up to 5,000 meters of diamond drilling to an average depth of around 250 meters to test the potential for disseminated gold mineralization at the Hutabargot exploration target.

Initial drilling will be funded by the recent rights issue proceeds. The full drilling program is expected to be completed around late October and is contingent on shareholder approval of additional funding described above.

The company's geology team and drilling contractor have mobilised and established a new exploration camp. Drilling has commenced however the initial assay results are not expected to be received until late August. The results from this drill program will be used to update the resource model and support further mine optimisation studies.

The drilling program has provided an opportunity to re-engage with the local communities by providing short term jobs, mainly carting materials and supplies up the hill to the campsite. The increased activity is also providing opportunities to local businesses supplying food and other supplies.

## **SIHAYO GOLD LIMITED**

**Tim Adams**  
**Interim CEO**  
31 July 2019