



ASX Announcement

21 October 2022

Sihayo Update

Highlights:

- **The metallurgical recovery function underpinning the Sihayo Starter Project has been updated to reflect the impact of high pH (caustic) leaching**
 - Recovery function to inform an updated Ore Reserve and Economic Model to be delivered in early Q1 2023
 - Expected to deliver uplift in life of mine recoveries in line with previous estimates (from 71% to 80 - 85%)¹
- **Completed seven new drill holes for 2,216 m beneath and south of the planned Sihayo open pit, with all samples dispatched to the assay laboratory. Results are expected imminently**
 - Composite samples of observed mineralised zones have also been dispatched to ALS Perth to confirm the new metallurgical model
- **Sihayo has secured a US\$1.5 million working capital facility from Provident Minerals Pte Ltd to fund ongoing working capital requirements**
- **Strategic Review process on hold as the Company aims to deliver higher value for shareholders through completion of study work**

Sihayo Gold Limited (**ASX:SIH** – “**Sihayo**” or the “**Company**”) is pleased to provide an update on the Company’s operational initiatives and funding.

Sihayo’s Executive Chairman, Colin Moorhead commented:

“Low metallurgical recoveries from more refractory ore types at Sihayo have until now been a significant issue for the Sihayo Starter Project. Material improvements arising from high pH leaching has the potential to not only significantly increase project revenues, but also to unlock and extend fresh mineralisation below the current pit design. We are actively investigating the potential for an underground mine to augment open pit plant feed with higher grade fresh ore, and also exploring down-plunge to the southeast where the mineralisation is open and appears to be strengthening at depth. We have recently completed a seven-hole drilling program underneath and south of the pit and are expecting assay results shortly.”

¹ Refer to announcement “*Final Results Received from High pH Pre-leaching Test Work*” dated 5 July 2022

High pH Leaching Update

As advised in previous Company updates, most recently “*Final Results Received from High pH Pre-leaching Test Work*” dated 5 July 2022, the Company has completed a metallurgical test work program assessing the introduction of a high pH leaching phase in the processing flow sheet to improve metallurgical recoveries. This test work, comprising 72 samples, demonstrated that high pH leaching produced significant uplifts in metallurgical recoveries for the transition and fresh ore at the Sihayo Starter Project (“the Project”). Indications are that overall metallurgical recoveries could be improved from the 71% assumed in the 2022 Feasibility Study Update (“2022 FSU”) to recoveries of 80 – 85%.

Sihayo has since engaged AMC Consultants Pty Ltd (“AMC”) to update the metallurgical recovery function employed in mine optimisation scheduling underpinning the production forecast for the Project. An updated metallurgical recovery function has now been developed and is currently being used to update pit optimisations, Ore Reserve estimates and ultimately the economic analysis for the Project. Sihayo expects to release an updated Ore Reserve estimate and addendum to the 2022 FSU during the December 2022 quarter or early 2023.

Sihayo has also conducted high pH leaching test work on samples from its recent Sihayo-1 beneath pit drilling program to confirm the predictive ability of the new recovery model. Results from this test work are consistent with previous results and will be released with the drilling results from the program.

Sihayo Drilling Program

The Company recently completed a seven-hole, 2,216 m drilling program targeting mineralisation beneath the intended Sihayo-1 pit. This area has minimal drilling to date, due to the presence of transitional and fresh material and the low expected metallurgical recoveries of these mineralisation types which had previously rendered this mineralisation as likely to be uneconomic. With the potential uplift in recoveries from high pH leaching, this mineralisation may now be economic and has been the target of the Company’s latest drilling program. Results from this program will be released shortly.

Sihayo has also commenced a Mining Study assessing the potential for an underground mining operation targeting this mineralisation, which is expected to be completed in the December 2022 quarter. This study will also evaluate trade offs between open pit and underground mining at Sihayo.

Funding Update

Sihayo has secured a US\$1.5 million loan from its largest shareholder, Provident Minerals Pte Ltd (“Provident”). Details of the shareholder loan are presented in Appendix A.

The additional funding will be used by the Company to complete study work incorporating the benefits of the high pH leaching into the design of the Project as well as the study for underground mining.

Strategic Review Update

In February 2022 Sihayo announced the commencement of a Strategic Review process aimed at providing a pathway for funding construction for the Sihayo Starter Project or a transaction that delivers value for Sihayo's shareholders. While Sihayo received interest from several parties, the Board did not view any offers received as reflective of the underlying value for the Project in light of the recent high pH leaching results and emerging exploration potential on the Contract of Work. The Company now aims to complete its planned study work incorporating the high pH leaching as well as underground mining potential before re-assessing long term funding options.

For further information, please contact:

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Appendix A – Shareholder Loan Details

Amount (USD)	1,500,000
Maturity	30 September 2023
Interest rate	10% per annum
Security	Unsecured, ranks pari passu with existing unsecured obligations