

Quarterly Activities Report

For the three months ended 31 December 2021

Summary

During the quarter the Company continued safe project and exploration operations effectively managing pandemic related risks and restrictions.

The Company's top priorities for the quarter were the continued exploration program at Hutabargot Julu as well as the continuation of the Sihayo Starter Project Optimisation Studies.

At Hutabargot Julu, the Company completed drilling programs during the quarter at the Penatapan and Sihorbo South targets. The Company released final results of these programs in the announcement titled "*Sihayo Exploration Update*" on 25 January 2022. The Company has recommenced drilling at Sihorbo South and is in the process of planning further follow up drilling at Penatapan and other exploration targets.

Further metallurgical test work on transitional and fresh ore at the Sihayo Starter Project has continued to show the potential for significant uplift in recoveries using high pH pre-leaching on these ore types. The latest results of this test work can be found in the Company's announcement "*Significant Results from High pH Leaching Test Work*" on 31 January 2022. The use of high pH pre-leaching has significant implications for the Sihayo Starter Project and the Company has initiated a further round of test work on 80 new samples in order to fast track incorporation of the technology into the project design.

The Company continued to progress other areas of the Sihayo Starter Project Optimisation Studies during the quarter and now has updated site designs, mine schedules and operating cost estimates. Revised capital cost estimates are now being finalised and the Company expects to provide an update to the market on the outcomes of this study work shortly.

Sihayo continues to evaluation both short term and long term funding options for the Company and expects to be in a position to provide an update to shareholders during February 2022.

Executive Chairman Colin Moorhead commented; "*The exploration programs and work on the Project Optimisation Studies continue to identify areas to deliver additional value for shareholders. The high pH leaching opportunity in particular has the potential to transform the economics of the Sihayo Starter Project. We look forward to providing further operational and corporate updates in the near future.*"

Sihayo Gold Limited

ASX code: SIH

3,685,461,421 shares
AUD 0.8 cents per share
AUD 29.5 m market cap
AUD 0.98m cash

Board of Directors

Mr Colin Moorhead
Executive Chairman

Mr Misha Collins
Non-executive Director

Mr Gavin Caudle
Non-executive Director

Mr Daryl Corp
Non-executive Director

Management

Mr Roderick Crowther
Chief Financial Officer

Ms Susan Park
Company Secretary

Registered office

Suite 1, 245 Bay Street
Brighton VIC 3186

www.sihayogold.com

Highlights

1. Exploration

- a. **Hutabargot Julu** – Exploration drilling continued with a primary focus on the Sihorbo South epithermal vein target:
 - i. Received remaining results from the last four holes completed at **Penatapan** in the previous quarter; returning additional multiple low-to-moderate grade gold-silver intercepts
 - ii. Completed drilling an additional 12 holes for 1,756.3 m at **Sihorbo South**, bringing the total of 2,321.6 m in 17 holes completed here in the second half of 2021
 - iii. All assay results received from drilling **Sihorbo South** during the quarter, returning multiple low-to-high grade silver-gold intercepts well below the existing local mine workings and demonstrating potential for high-grade ore shoots along a large mineralized epithermal vein system

- b. **Target Generation** – Early encouraging results received from prospecting and surface sampling at Tambang Tinggi and surrounding prospects within the northeast corner on the South Block of the CoW. Highly anomalous gold, silver and base metal results returned from grab samples of discarded local mining material and local mine exposures

2. Sihayo Starter Project

- a. Further results of the high pH pre-leaching metallurgical test work received and continue to support the potential for increased recoveries on transitional and fresh ore
- b. Project Optimisation Studies largely completed, with updated Mineral Resources and Ore Reserves statements to be released shortly
- c. Progressing permits and approvals including the AMDAL (environmental permit) and Tailings Storage Facility (“TSF”) permits

3. Corporate

- a. The company had A\$980,000 cash on hand as at 31 December 2021
- b. The Company executed a US\$1.2 million loan from major shareholder Provident Minerals Pte Ltd (“Provident”) during the quarter and recently executed a US\$0.5 million loan agreement with PT Saratoga Investama Sedaya Tbk (“Saratoga”)
- c. The company continues to assess options for short term and long-term funding and expects to provide an update to shareholders shortly

December 2021 Quarter Overview

Monday, 31 January 2022 – The Company is pleased to report on its activities for the three months to 31 December 2021.

Health, Safety & Environment

Given the state of the COVID-19 pandemic in Indonesia, protocols have been implemented to minimise the risk of infection among staff, contractors and the local communities within which the Company operates. Protocols include mandatory COVID-19 testing prior to travel and quarantining at the project site prior to recommencing work as well as a strict regime of COVID-19 workplace protocols and established standard operating procedures to help prevent the occurrence and transmission of the COVID-19 virus in the workplace.

The quarter passed with no recorded safety or environmental incidents on drill rigs or other field activities. Total Recordable Injury Frequency Rate (TRIFR) of 0.00 for the six months to the end of the December quarter for FY2022.

Community

Community support initiatives in response to COVID-19 continued during the quarter. These included the distribution of masks, sanitizers and food to communities within the general area of the Sihayo Project, and coordination with Mandailing Natal Health Office regarding the socialisation of the regional COVID-19 prevention plan.

Socialisation of the Company's exploration and development activities with the local community and government stakeholders continued during the quarter. The Company continues to build on its social license to operate in the district.

Exploration

The Company continued its three-tiered approach to exploration, including Hutabargot Julu, Sihayo near-mine and broader target generation across the CoW. Exploration drilling was ongoing at the Hutabargot Julu prospect, with a specific focus now on the Sihorbo South target. During the quarter a total of 12 core holes were drilled at Sihorbo South for 1,756.3 m, bringing the total drilling completed here in the second half of 2021 to 2,321.3 m in 17 holes. Assays were received for all holes including the last four holes completed at Penatapan in the previous quarter. Results at Sihorbo South returned multiple low-to-high grade silver-gold intercepts well below the existing local mine workings and showing potential for high-grade ore shoots along a large mineralised epithermal vein system. Drilling recommenced at Sihorbo South in early January 2022. The Company released final results of these programs in the following announcements titled "*Sihayo Exploration Update*" on 25 January 2022, and "*Encouraging Exploration Results Continue at Sihayo*" on 23 November 2021.

A greenfields discovery program to assess the potential for porphyry copper and epithermal precious metal deposits in the broader Contract of Work (CoW) was initiated in H2 2020. The first stage of this work involved reprocessing and imaging of historic airborne magnetics and radiometrics data and was completed in late 2020. The second stage of work involving the application of geophysical "worming" software applied to the airborne magnetics data acquired over the project area and publicly available gravity data over the surrounding region was completed during the quarter. This work has assisted in better understanding the structural geometry of CoW area and allows for a more confident assessment of mineralisation potential and generation of targets within the CoW. Early encouraging results have been received from prospecting and surface sampling at Tambang Tinggi and surrounding prospects within the northeast corner on the South Block of the CoW. Highly anomalous gold, silver and base metal results have been returned from grab samples of discarded local mining material and local mine exposures. The Company released results of this program in

the following announcements titled “*Sihayo Exploration Update*” on 25 January 2022, and “*Encouraging Exploration Results Continue at Sihayo*” on 23 November 2021.

Sihayo Starter Project

Permitting

The Company is currently preparing its submission for the AMDAL (environmental permit) as well as design work for the Tailings Storage Facility required for permitting through the Indonesian Dam Safety Committee. The IPPKH Operation (Forestry Permit) will be progressed once the Company has received approval for its AMDAL.

Project Early Works

Sihayo has completed early works for the Sihayo Starter Project, with the exception of the construction of the Batang Gadis bridge, which has been put on hold.

Project Optimisation Studies

The Company continued to progress the Optimisation Studies for the Sihayo Starter Project. These studies have significantly de-risked the Project technically with further geotechnical and hydrogeological knowledge acquired over the course of the studies. The work has resulted in a number of changes to the Project, including the site layout and pit designs. As a result, the Company expects to announce an updated Ore Reserve estimate during February 2022, along with revised operating and capital cost estimates for the Project.

Metallurgical Test Work Update

Sihayo has received metallurgical test results on a further 27 transitional and fresh ore samples to assess the use of high pH pre-leaching to improve recoveries. The results consistently demonstrate that high pH pre-leaching materially increases metallurgical recoveries in fresh and transitional ore, with gold recoveries in fresh samples increasing from an average of 35% to 80% and recoveries in transitional samples increasing from 52.3% to 74.5%. Further test work has been commissioned on 80 samples to establish appropriate pH levels, leach times and reagent compositions in the processing operations. Higher recoveries as shown in the metallurgical test work to date has potential to significantly transform the Project.

Details of the test work and results are provided in the announcement of 31 January 2022, “*Significant Results from High pH Leaching Test Work*”.

Corporate and Finance

Financing

As at 31 December 2021, the Company had approximately A\$980,000 cash on hand. The Company drew down on a new US\$1.2 million shareholder loan with major shareholder Provident during the quarter and has since executed a US\$500,000 loan agreement with major shareholder Saratoga. The Company is currently focused on securing funding to continue exploration and project activities while the Company continues to assess financing options for funding the construction of the Sihayo Starter Project.

Tenement Listing

Project	Tenement	Approval Date	Expiry Date	Area	Equity
<u>PT Sorikmas Mining, Indonesia</u>					
Pungkut	96PK0042	31/05/96	2049	66,200 ha	75
<u>Oropa Indian Resources, India</u>					
Block D-7		22/01/00	N/A	4,600km ²	9 ¹
<u>Sihayo Gold Limited, Australia</u>					
Mt Keith	M53/490	11/06/04	10/06/25	589 ha	0 ²
	M53/491	11/06/04	10/06/25	620 ha	0 ²
<u>Excelsior Resources Limited, Australia</u>					
Mulgabbie	M28/364	25/03/09	24/03/30	54.6 ha	02 ²

Related Party Disclosures

Sihayo also discloses the following payments to related parties during the quarter ended 31 December 2021.

Description	Fees paid
Payment of fees and consulting fees to Directors	95,068
Payment of office rent to Colin Moorhead & Associates Pty Ltd (an entity associated with Chairman, C. Moorhead)	14,622
Payment of fees in relation to consulting services provided by an associate of Colin Moorhead & Associates (an entity associated with Chairman, C. Moorhead) for work on Environmental, Social and Governance advice	52,250
Total	161,941

This ASX announcement has been approved by the Board of Sihayo Gold Limited.

For further information, please contact:

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¹ Sihayo has an option to increase to 18%

² Sihayo entitled to a 2% net smelter royalty