ASX Announcement 23 September 2021

Recent Metallurgical Test Work Indicates Potential for Higher Recoveries

Highlights:

- **Metallurgical test work results show potential for increased recoveries using caustic pre-leaching on refractory ore types**
- **Latest results show an increase in recovery of up to 25% using caustic pre-leaching on the composites analysed:**
  - **Composite E (transition ore) - average gold recovery increased from 60% to 78%**
  - **Composite F (fresh ore) - average gold recovery increased from 37% to 62%**
- **Potential to add considerable value to the Sihayo Starter Project through increased gold production over the life of mine**
- **Further test work and processing design analysis to be undertaken to assess feasibility and implementation strategy**

Sihayo Gold Limited (**ASX:SIH** – "**Sihayo**" or the "**Company**") is pleased to provide an update on results from the latest metallurgical test work program that the Company has been conducting. This test work forms part of the current Sihayo Starter Project Optimisation Studies.

Sihayo's Executive Chairman, Colin Moorhead commented on the latest test work results:

"The latest met test work results provide further encouragement that recoveries can be improved at the Sihayo Starter Project using high pH pre-leaching. This has the potential to deliver considerable value to shareholders and the Company will proactively pursue the work required to validate this opportunity in order to incorporate it into the project design."

Overview of Metallurgical Test Work Program

Background

The Life-of-Mine ("LOM") average gold recovery for the Sihayo Starter Project estimated in the 2020 Definitive Feasibility Study ("DFS") was 71%. Sihayo considers improved metallurgical recoveries as an area of opportunity to significantly improve project economics.

The ore comprising the mine plan has been characterised into three broad categories based on oxidation state – oxide, transition or fresh ore. Generally, metallurgical recoveries within the oxide ore are relatively uniform and consistently greater than 80% and mostly over 90%. Within the more refractory transition and fresh material, recoveries are highly variable, ranging from less than 10% to 90% (Refer to SIH:ASX announcement dated 23 June 2020). The lower recoveries are the result of the gold deposition being very fine (less than 5 micron) and a portion of it being locked in refractory sulphides. Sihayo's current metallurgical test work program includes assessing opportunities to improve metallurgical recoveries in both transition and fresh ores.

For this metallurgical test work program, six composites were produced to evaluate the behaviour of the various oxidation stages. Assays for these composites, denominated Composites A, B, C, D, E and F, are presented in Table 1.

Table 1: Composites used in metallurgical test work program

Composite	Oxidation	Au (g/t)	%S Total	%S Sulphur	%C Total	%C Insol.	AS (ppm)
A	Totally Oxidised	1.69	0.06	<0.01	1.80	0.47	2,717
B	Totally Oxidised	1.94	0.16	0.11	1.32	0.31	1,740
C	Transition	1.53	0.08	0.06	3.65	0.38	1,149
D	Transition	3.63	0.56	0.43	2.29	0.64	1,896
E	Transition	3.91	2.01	1.47	2.37	0.98	2,799
F	Fresh	1.44	2.98	2.73	4.57	1.63	1,890

Composite E High pH Pre-Leaching Results

As previously announced by the Company, recent metallurgical test work conducted by ALS in Perth on a composite reflecting "transition" ore ("Composite E") from the mine plan showed that leaching at a high pH resulted in an increase in gold recovery of up to 20% as compared with baseline recoveries (Refer to SIH:ASX announcement dated 8 September 2021). Composite E comprised 178 samples totaling 89 kg. The samples were from the 2019 infill resource drilling program (Refer to Appendix 2 – Hole IDs: SHDD553, 556, 568, 571, 573, 587, 588, 594, 596, 598, 603, 606).

Initially three high pH tests were conducted on Composite E. Conditions for the test included grinding with lime and caustic solution to a pH of 13 followed by a 24-hour pre-leach maintaining the pH at 13 and then a CIL test also at high pH. Three different grinds were tested. Table 2 below shows the results compared to standard CIL tests conducted at GeoServices (GS 9.5 and GS 10.0) and ALS laboratories (MA488).

Table 2: Results of test work of high pH leaching on Composite E

Test No	Grind	Head Assay g/t Au		Head post-caustic g/t Au		CIL Residue	Au Extr'n	NaCN	Lime	NaOH	Pre-leach
	80% pass (µ)	Assay	Calc	Assay	Calc	g/t Au	%	kg/t	kg/t	kg/t	h
MA518	106	3.94	4.29	3.82	4.34	0.84	**80.3**	0.09	0.84	31.3	24
MA519	75	3.94	3.40	3.70	3.39	0.88	**73.8**	0.11	0.79	23.5	24
MA520	45	3.94	4.02	3.53	4.07	0.80	**80.0**	0.08	0.99	18.1	24
MA488	75	3.94	3.76	-	-	1.46	**59.8**	0.48	1.46	-	-
GS 9.5	75	3.91	3.75	-	-	1.47	**60.5**	1.66	1.64	-	-
GS 10	75	3.91	3.48	-	-	1.40	**59.6**	1.44	1.64	-	-

Composite F High pH Pre-Leaching Results

Composite F is a representative plant feed sample of "fresh" ore. The composite comprised 31 samples totaling 31 kg. The samples were from the 2019 infill resource drilling program (Refer to Appendix 2 – Hole IDs: SHDD563, 569, 589, 593, 597, 598, 601, 602). Composite F was tested at pH 13 in the same manner as Composite E but at a fixed P80 grind size of 106 microns and a pre-leach time of 8 hours.

The results, provided in Table 3, show an uplift in gold recovery of 25% when comparing the test at high pH of MA554 compared with the standard CIL test of MA489.

Table 3: Results of test work of high pH leaching on Composite F

Test No	Grind 80% pass (µ)	Head Assay g/t Au		CIL Residue	Au Extr'n	NaCN	Lime	NaOH	Pre-leach
		Assay	Calc	g/t Au	%	kg/t	kg/t	kg/t	h
MA554	106	1.58	1.61	0.61	**62.4**	0.44	1.13	15.8	8
MA489	75	1.58	1.72	1.08	**37.4**	1.12	1.42	-	-

Other Conclusions for Test Work to Date

Other composites reflecting oxidised material have also been tested to assess the impact of high pH pre-leaching. In Table 4 below, Composites B and C reflect fully oxidised material while Composite D reflects partially oxidised material. A blend of equal weights of Composites B, C, D and E was prepared and tested at pH values of 10.5, 12 and 13. Since Composites B and C are both fully oxidised and Composite D partially oxidised, little effect of high pH would be expected apart from with the portion of sample from Composite E. Table 4 shows a comparison of the original tests on these composites at pH 10.

Table 4: Further High pH test work results on oxidised material

Test No	Composite	pH	Grind 80% pass (μ)	Head Assay g/t Au		CIL Residue	Au Extr'n	NaCN	Lime	NaOH	Pre-Leach
				Assay	Calc	g/t Au	%	kg/t	kg/t	kg/t	h
MA485	B	10.0	106	1.92	1.84	0.20	89.1	0.78	0.97	-	-
MA486	C	10.0	106	1.59	1.58	0.28	82.3	0.78	0.64	-	-
MA487	D	10.0	75	3.61	3.49	0.78	77.6	0.66	0.89	-	
MA488	E	10.0	75	4.00	3.76	1.46	61.2	0.48	1.46	-	-
Average	**B/C/D/E**			**2.78**	**2.67**	**0.68**	**77.6**				
MA560	B/C/D/E	10.5	106	2.76	3.01	1.18	60.4	0.60	1.69	-	8
MA559	B/C/D/E	12.0	106	2.76	2.63	0.63	76.1	0.25	1.05	5.6	8
MA558	B/C/D/E	13.0	106	2.76	2.68	0.53	80.3	0.11	1.05	20.8	8

As expected, results from the test work in Table 4 confirmed that the effect of high pH pre-leaching on fully oxidised material was inconsequential. It is noted that the quoted NaOH consumptions in Table 4 represent batch tests. It is expected that these would be approximately halved as a result of residual NaOH in recirculated process water from the tailings thickener.

Implications for Sihayo Starter Project

The results of the high pH leaching test work on the transitional and fresh ore has significant potential for the Sihayo Starter Project. Currently, transitional and fresh ore represent 33% and 30% of LOM ore feed respectively. LOM average transitional ore recoveries are estimated at 72% while average fresh ore recoveries are estimated at 59%. The results from the high pH leaching on Composites E and F show the potential for a significant uplift in gold recovery for these ore types, which have a higher proportion of the ore plant feed mix from Year 5 of the mine life onwards, as shown in Figure 1. An uplift in recovery of 25%, as seen in the Composite F results, is equivalent to an increase in gold units recovered of 68% for that sample (from 37 units to 62 units). If this can be successfully translated into the processing design, it would have a materially positive impact on the Sihayo Starter Project's economics.

Sihayo is currently conducting further assessment of the cost and benefits of implementing high pH leaching into the process plant design. The plant design is likely to require a further four to eight tanks for the pre-leach step and an increase in the size of the caustic soda mixing and distribution system. While the work is preliminary, indications are that the additional capital required for changes to the processing plant design would be minimal compared with the total project capital cost, and the additional revenue from the higher gold production would support the increase in processing costs arising from addition of caustic reagents and partially offset by savings in cyanide consumption.

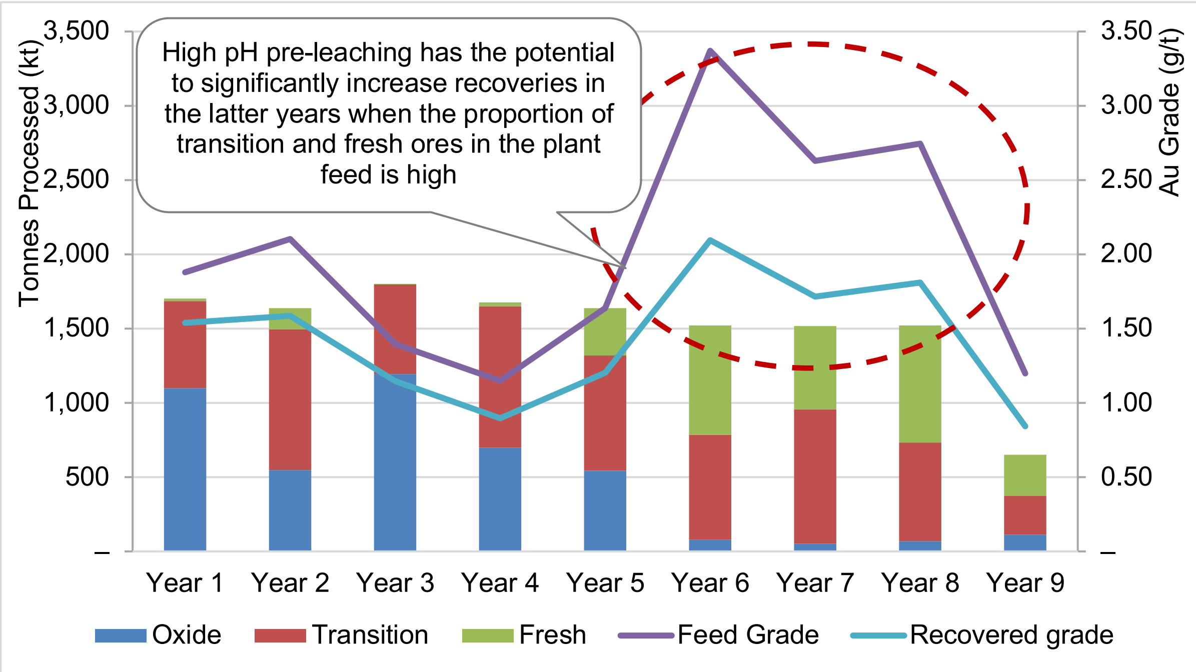

Figure 1: Life of Mine ore feed schedule showing feed grades and recovered grades[1]

Future Test Work

Future test work will target a greater understanding of the pre-leach chemistry, evaluating the optimum NaOH addition and determining the optimum pre-leach times. These tests will cover a range of samples to allow the integration of the results into analysis of mine plan and production schedule scenarios.

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[1] 2020 DFS processing schedule (Refer to SIH:ASX announcement dated 23 June 2020)

Competent Person’s Statement

Exploration Results

The information in this report which relates to Exploration Results is based on, and fairly represents, information compiled by Mr Bradley Wake (BSc Hons. (Applied Geology)), who is a contract employee of the Company. Mr Wake does not hold any shares in the company, either directly or indirectly.

Mr Wake is a member of the Australian Institute of Geoscientists (AIG ID: 3339) and has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the “Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves”.

Mr Wake consents to the inclusion in the report of the matters based on this information in the form and context in which it appears.

Metallurgy and Process Engineering Design Results

The information in this report which relates to Metallurgy and Process Engineering Design Results is based on, and fairly represents, information compiled by Mr Andrew Goulsbra (B. App. Sc (Met)), who is a contract employee of the Company. Mr Goulsbra does not hold any shares in the company, either directly or indirectly. Mr Goulsbra is a member of the Australian Institute of Mining and Metallurgy and has sufficient experience that is relevant to the processing of the style of mineralisation and type of deposit under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the “Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves”.

Mr Goulsbra consents to the inclusion in the report of the matters based on this information in the form and context in which it appears.

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Appendix 1: JORC Code, 2012 Edition – Section 1 Reporting of Current Results

Sampling Techniques	• The metallurgical samples reported in this announcement are derived from crushed core samples taken from selected holes drilled in the 2019 Sihayo gold resource infill programe completed by PT Sorimas Mining in 2019 (See ASX:SIH announcement Quarterly Activities Report at 31 December 2019). • The crushed core samples comprised either: (1) minus-2mm Boyd-crush material derived from sample processing of PQ3/HQ3 half-core sizes and held in cold storage at the sample-preparation facility of PT Intertek Utama Service in Medan or (2) Quarter-core samples split and sampled at the Sihayo exploration core shed and dispatched to PT Geoservices Metallurgical Laboratory in Bekasi for sample-preparation to obtain minus-2mm Boyd-crush material. • The individual samples comprising each composite were individually packaged and dispatched to PT Geoservices for sample-preparation and/or compositing, as required. • Each crushed core sample used in the sample composite for the metallurgical testing consists of 0.5-kg or 1.0-kg of minus-2mm crushed core material representing a 1-metre sample interval within the selected drill hole. • Composite E: (Transition/Fresh ore) Comprises 178 x 0.5-kg minus-2mm crushed core samples taken from drill holes SHDD553, 556, 565, 568, 571, 572, 573, 575, 579, 587, 588, 589, 594, 596, 598, 599, 603, 605 • Composite F: (Fresh ore) Comprises 31 x 1.0-kg minus-2mm crushed core samples taken from drill holes SHDD563, 569, 583, 593, 597, 598, 601, 602 • The metallurgical samples were composited and homogenised at the PT Geoservices metallurgical laboratory as per the Company's list and instructions. • The composite sample were into 1-kg charges for test work: i) Head Grade, ii) Grind Establishment, iii) Intensive Leach, iv) Cynaide Leach, v) Carbon-in-Leach, vi_ Flotation, and vi) Heavy Liquid Separation.
Drilling techniques	• The drilling method used to obtain the core samples wire-line triple-tube diamond drilling using PQ3 and HQ3 diameter coring sizes and using man-portable diamond drill rigs owned and operated by PT Indodrill Indonesia of Bogor, Indonesia. • Drilling activities are operated on two 12-hour shifts per day, 7 days per week. • The drill holes are surveyed at 25m down-hole intervals using a Digital ProShot downhole camera. • Drill core is oriented on each drill run in competent ground conditions using an orientation spear in PQ drill intervals and a Coretell ORIshot down-hole orientation tool in HQ drill intervals.
Drill sample recovery	• Core recoveries averaged over 95% for the entire program and generally exceeded 90% within the mineralised zones. • Ground conditions are highly variable and locally poor due to a number of factors: 1) Presence of unconsolidated fault structures related to movements along fault arrays within the active Trans Sumatra Fault Zone, 2) contrast in rock strength associated with variations in alteration and reactivation by younger fault movements, 3) occurrence of karst caves/cavity features filled with unconsolidated cave-fill sediments, and 4) occasional local mine cavities. Core recovery is maximised by the careful control of water/mud injection pressure, use of specialised drilling muds, and shorter drill runs in poorly consolidated or highly broken ground. • Core recoveries (and losses) are directly measured from the inner tube splits after of each drill run at the drill site by trained

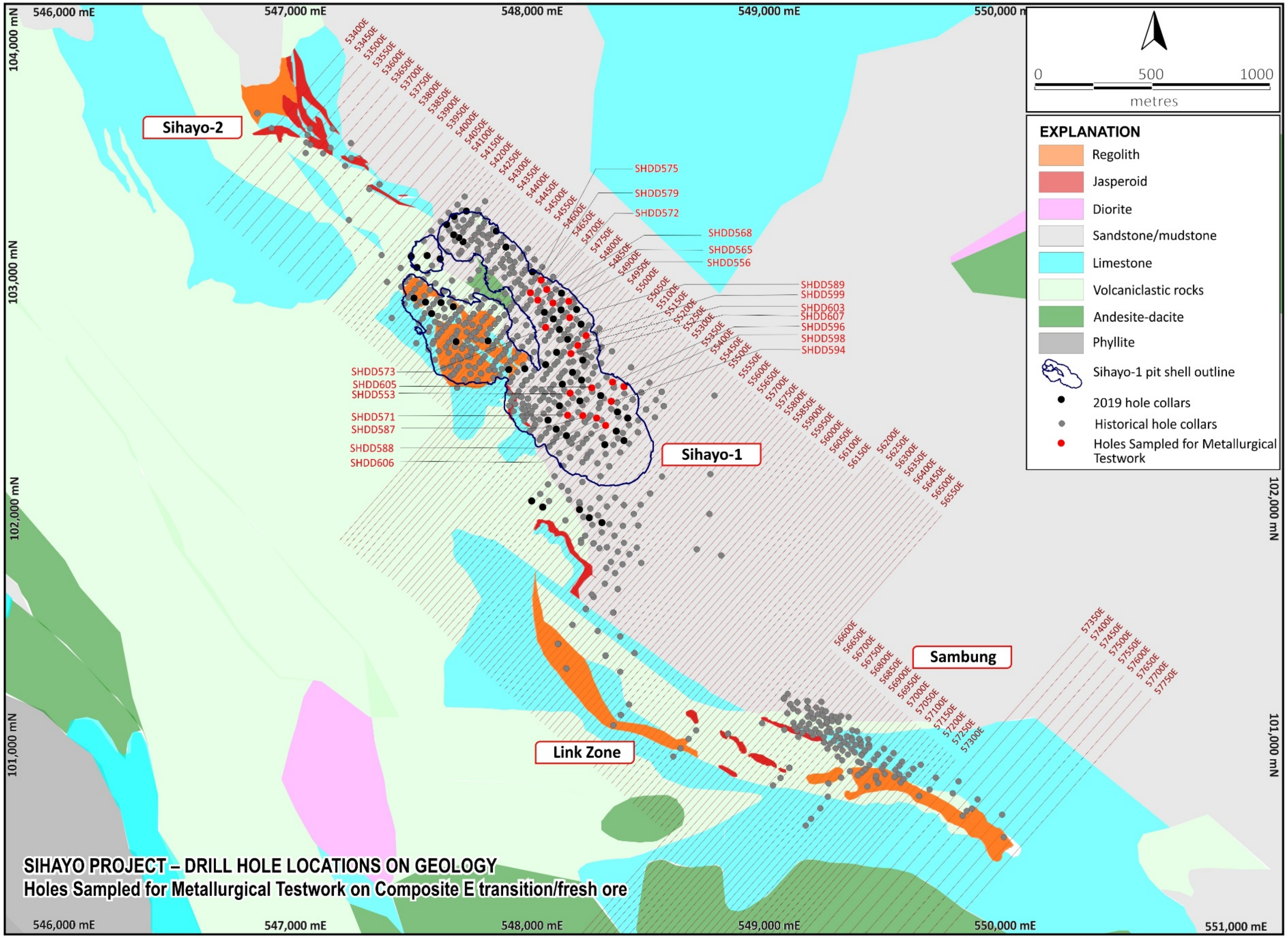
	core handling technicians ("core checkers"). The core checker is on-site during the entire 12-hour shift. The core checker takes a photograph of the core from each drill run on the inner tube splits and ensures that the core is properly assembled (reconnected) and the orientation line is properly marked along the core on the inner tube splits before it is tranferred into core trays. • Drill runs and core losses are marked up by the driller on core blocks placed in the core box after each drill run. The positions of any obvious sections of core loss (eg. cavities) are noted in the core boxes. The drill intervals, operational activities and core recoveries are recorded on Daily Shift Drilling Reports for each drilling shift. These are checked, validated and approved at the Site Office and the data are entered in an Excel database. • The drilling contractor maintains appropriate mud mixtures and a high-standard of operational procedure to maximise core recovery. Maximum drill runs are 1.5 metres in length and are shortened if necessary to optimise sample recovery in broken ground conditions. • The drill rigs are checked daily by the project geologists to ensure that maximised core recoveries, high safety and operating procedures are maintained by the drilling contractor and support personnel. • There is no evidence of a grade bias due to variations in core recovery in the results reported.
Logging	• All of the drill core is geologically and geotechnically logged. Mineralised and selected unmineralised holes are marked up for geochemical sampling and assaying. • Logging and sample mark-up are done by the project geologists and trained geotechnicians. Drill logs record lithology, alteration, mineralisation, structure, rock strength and hardness, weathering condition, RQD and other structural defects. • A standardised project nomenclature is used for logging and codes or abbreviations. Logging data is captured on paper logging sheets and entered into a computerised format for import into Micromine software. • The majority of geological and geotechnical logging is qualitative in nature except for oriented core measurements (α and β), RQD and fracture frequency. • All the drill core trays are digitally photographed in both wet and dry condition, before and after the core splitting and sampling. A photographic record of the core trays is kept on file in the Company's project database. • Bulk density is measured from 10 cm long blocks of whole core taken at systematic 5 m intervals down the entire hole using the wax-sealed sample submersion/water displacement method. • Logging is of a suitable standard for detailed geological analysis and later resource modeling. • Re-evaluation of the drill logs is done on receipt of the final assay results for on-going interpretation and assessment of the results.
Sub-sampling techniques and sample preparation	• The source material is continuous half- or quarter-core collected over nominal 1-metre sample intervals that were originally logged and marked up by the project geologists in the core boxes. • Samples were methodically marked-up, labeled, cut and sampled at the Site Core Shed under the full supervision of the project geologists. • Core was manually split/cut using petrol-driven core saws and diamond-impregnated core saw blades. • The remaining half-cores are stored in the core boxes at the Site Core Shed as a physical archive of the drilling program. • The individual samples comprising each composite were individually packaged and dispatched to PT Intertek (Medan) or PT Geoservices (Bekasi) for sample-preparation. At either lab, samples were weighed and dried at 600C. The entire sample was

	crushed to P95 (95%) passing minus 2mm and the 0.5 kg or 1 kg was split off, the size and weight depending on the Company's requirement for the respective composite samples. • Each crushed core sample used in the sample composite for the metallurgical testing consists of 0.5 kg or 1.0 kg of minus-2mm crushed core material representing a 1 metre sample interval within the selected drill hole. The crush samples prepared by PT Intertek (Medan) were packaged and sent directly to PT Geoservices (Bekasi). • The metallurgical samples were composited and homogenised at the PT Geoservices metallurgical laboratoryin Bekasi as per the Company's list and instructions. The composite samples were sub-sampled into 1 kg charges for test work: i) Head Grade, ii) Grind Establishment, iii) Intensive Leach, iv) Cynaide Leach, v) Carbon-in-Leach, vi_ Flotation, and vi) Heavy Liquid Separation. • The metallurgical samples remaining from the PT Geoservices programme were shipped to Perth for further testing for i) Head Grade, ii) Grind Establishment, iii) Carbon-in-Leach, iv) Flotation and v) Caustic pre-leach followed by CIL.
Quality of assay data and laboratory tests	• Sample preparation was conducted at PT Intertek Utama Services in Medan and PT Geoservices Metallurgical Laboratory in Bekasi. All metallurgical test work was done by PT Geoservices Metallurgical Laboratory in Bekasi. Both laboratories operate to international standards and procedures and participate in Geostatistical Round Robin interlaboratory test surveys. • The metallurgical samples were composited and homogenised at the PT Geoservices metallurgical laboratoryin Bekasi as per the Company's list and instructions. The composite samples were sub-sampled into 1 kg charges for test work: i) Head Grade, ii) Grind Establishment, iii) Intensive Leach, iv) Cynaide Leach, v) Carbon-in-Leach, vi_ Flotation, and vi) Heavy Liquid Separation. • A 1 kg charge of each composite sample was assayed for gold head-grade using MET_FAA30/40/50. Fire Assay involves fusing the sample 30/40/50g with a suitable litharge based flux. The lead oxide is reduced to lead which collects the precious metals. The lead button is cupelled to remove the lead and concentrate the precious metals. The resultant prill is digested in aqua regia, made up to volume and read for Au, Pt and Pd by AAS or GTA. Over range gold values > 50ppm is re determined by FASGRAV. • In addition, a more comprehensive set of analyses to investigate the geometallurgical properties of the mineralised material. This includes silver, base metals and other trace element analyses using 4-acid digest and AAS/ICPOES determination (MET_GAI01/GAI02), mercury by AAS/Cold vapour (MET_GAI02_CVAA), several different sulphur and carbon analyses for soluble and insoluble components (MET_LECO_S01, MET_LECO_CO5 and MET_SO4_GRAV), and various intensive and activated gold cyanide leaches (MET_CN10 and MET_CN5). • The nature of the relatively large composited sample sizes and the multiple analytical methods used to assay for gold (FA, CN) and its associated elements (silver, sulphur, carbon and multielements) are considered appropriate for evaluating the potential geometallurgical characteristics of jasperoid-gold mineralization. • QA/QC procedures for metallurgical test results followed standard practices of developing mass balances for each test and comparing calculated and assay head grades for all elements of interest. Where the comparison showed a significant discrepancy between calculated and assay head grades, assays were repeated.

Verification of sampling and assaying	• Assay results are received from the laboratory in digital format and hard-copy final certificates. Digital data are stored on a dedicated database server and back-up database server. Hard-copy certificates are stored in Jakarta Office. • Results are received and validated by the Company's Consultant against QAQC protocols. • Results are reported by the Company's Competent Person. • No adjustments or calibrations are applied to any of the assay results.
Location of data points	• Completed drill hole collars are fixed to known benchmarks and surveyed using a Topcon DS101AC Direct Aiming Total Station with accuracy of +1mm. • The coordinates presented in this announcement represent the Total Station measurements. • The Grid System used is WGS84/ UTM Zone 47 North. • The drill hole paths are surveyed with a Digital Proshot camera at 25-metre down-hole intervals. Drill hole paths are tracked using Micromine software and data is plotted daily from Micromine software.
Data spacing and distribution	• The drilling program is conducted on approximately 50 m spaced lines/sections oriented near-perpendicular to the strike-projection of the gold-jasperoid target. • No sample compositing is applied to the samples. • Several holes were drilled off each drill pad due to the difficulty of constructing pads safely in the terrain. •
Orientation of data in relation to geological structure	• Previous geological mapping at Sihayo-2 and geological modelling of the nearby Sihayo-1 gold deposit, to which the Sihayo-2 prospect is connected, indicate that the host stratigraphic package and associated controlling structures related to the Trans-Sumatran Fault Zone are NW-SE striking. The gold-jasperoid target is interpreted to be stratabound by the host Permian limestone-volcaniclastic rock package. This host rock package is interpreted to have a moderate-dip to the northeast. • The drilling program was designed in plan and section to test up-dip and along-strike projections of mineralised jasperoid intersected in historic scout drilling programs of 2004 and 2009. The hole(s) intersect the gold jasperoid target at moderate to high angle to the dip of the interpreted mineralised stratabound zone; there is insufficient geological data and confidence to estimate the true-width of the mineralised intercept(s) reported in this announcement. • Structural data acquired from oriented drill core in the drilling program generally supports the interpreted mineralised trends. No significant sample bias is believed to influence or exaggerate the results reported in this announcement. • The drilling program has provided new geological and structural information that will be used to refine the geological model for targeting in future drilling programs.
Sample Security	• A detailed Chain-of-Custody protocol has been established to ensure the safe and secure transportation of samples from the remote project site to PT Intertek Utama Services sample preparation laboratory in Medan, North Sumatra and the PT Geoservices Metallurgical Laboratory on Bekasi. • All core samples are separately double-bagged; consisting of an inner plastic bag with an individual sample ID ticket stub (cable-tied) and an outer calico bag marked with the sample ID in permanent marker pen (cable tied). • The samples are packed into double-lined hessian (polyweave) sacks which are individually sealed with cable-ties and a unique numbered security tag. The hessian sacks are weighed and registered (hard copy and computer).

	• The polyweave sacks are man-portered from Sihayo camp by local labour accompanied by the Company's security personnel from the Project Camp Site to the Batang Gadis River staging point (about 8-km distance). The samples are met by the Company's logistics personnel. • The hessian sacks are checked, weighed and then directly loaded into the truck, which is locked and sealed with a numbered security tag for transport and delivery direct to PT Intertek Utama Services in Medan, North Sumatra, accompanied by Company security personnel. The sample preparation laboratory is located about 10-hours by road from the project area. • On delivery to PT Intertek in Medan and PT Geoservices in Bekasi, the laboratory manager confirms that the truck and hessian sack security seals are intact, weighs the hessian sacks, and immediately reports to the Exploration Manager and/or Supervising Geologist for permission to proceed with the sample preparation. • PT Intertek Utama Services ensures the safe and secure transportation of samples prepared at its sample prep facility in Medan, which are dispatched under their custodianship to the assaying laboratory in Jakarta, via DHL air courier. The samples are packaged and securely wrapped in standard-sized Intertek-signatured boxes that are sealed with Intertek-signatured packaging tape. The samples are accompanied by Intertek dispatch/security forms to ensure the acknowledgement of receipt and intergrity of the samples (i.e. sample registration is completed and confirmed at both ends).
Audits or reviews	• The results of this metallurgical test work have been audited and reviewed by an independent metallurgical consultant, using industry recognised QA/QC techniques when comparing mass balances of each individual test for elements of interest such as Au, Ag, As, Sb, Hg, total and organic carbon and total and sulphide sulphur.

Appendix 2: Drill hole locations for holes used in Composite E for high pH metallurgical test work



Drill hole locations for holes used in Composite F for high pH metallurgical test work