Pre-Treatment Demonstrates Potential for Substantial Increase in Gold Recoveries at the Sihayo-Pungkut Project

16th November 2016

The Company previously announced work had commenced investigating the potential to increase cyanide leaching recoveries on low recovery ores, through various whole of ore pre-treatment steps. There is a large volume (over 4 million tonnes) of high grade material (circa 3.5-4gt) in the JORC Mineral Resource Estimate which delivered very low recoveries (low 50% range) in the feasibility study.

We have received favourable results from a number of process routes that demonstrate encouraging improvements in recovery relative to previous baseline cyanide leaching tests.

Testwork regarding pre-treatment with caustic soda and pre-treatment with nitric acid have delivered the most substantial increases in gold extraction as indicated in the summary of results received to date and presented as follows:

	% Au Extraction		
Test Description	Comp 6	Comp 7	Comp 11
Conventional Cyanide Leach	58.3	42.3	70.8
Cyanide Leach with Carbon in Pulp	62.8	47.9	70.6
Kerosine Treatment followed by Intensive Leach	61.1	49.1	Not done
Hydrochloric Acid Leach followed by Cyanide Leach with Carbon	62.8	54.0	68.3
Nitric Acid Leach followed by Cyanide Leach with Carbon	92.8	90.9	92.5
Caustic Soda (alkaline) Leach followed by Cyanide Leach with Carbon	82.0	78.7	83.1

	% Au Extraction Difference vs Conventional Cyanide Leach		
Test Description	Comp 6	Comp 7	Comp 11
Cyanide Leach with Carbon in Pulp	4.5	5.6	-0.2
Kerosine Treatment followed by Intensive Leach	2.8	6.8	N/A
Hydrochloric Acid Leach followed by Cyanide Leach with Carbon	3.4	9.6	-2.5
Nitric Acid Leach followed by Cyanide Leach with Carbon	33.5	46.5	21.7
Caustic Soda (alkaline) Leach followed by Cyanide Leach with Carbon	22.6	34.3	12.3

C/- McCullough Robertson 11/66 Eagle St, Brisbane, QLD. 4000
Telephone: +61 427 401198
Web: www.sihayogold.com e-mail: sihayogold@sihayogold.com
ABN: 77 009 241 374

Test Description	% Change in Gold Ozs Recovered vs Baseline		
	Comp 6	Comp 7	Comp 11
Cyanide Leach with Carbon in Pulp	8	13	0
Kerosine Treatment followed by Intensive Leach	5	16	N/A
Hydrochloric Acid Leach followed by Cyanide Leach with Carbon	6	23	-4
Nitric Acid Leach followed by Cyanide Leach with Carbon	57	110	31
Caustic Soda (alkaline) Leach followed by Cyanide Leach with Carbon	39	81	17

Further testwork has been initiated across the remaining low recovery composites to optimise the processing route for the application of (caustic soda) alkaline leach and to determine its commercial viability.

Although the most positive results have been received from the use of nitric acid, due to environmental and safety concerns its viability is questionable.

In addition, we are continuing to investigate other pre-treatment options.

Further market updates will be made as required.

Yours faithfully,

SIHAYO GOLD LIMITED

Stuart Gula
Managing Director
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