SIHAYO 'MAIDEN' ORE RESERVE & FEASIBILITY STUDY COMPLETION
29th January 2014

The Board of Sihayo Gold Limited ("Sihayo" or "the Company") would like to provide an update on its 75% owned Sihayo Pungkut Gold Project ("the Project"), located in North Sumatra, Indonesia.

We are pleased to announce the Sihayo Open Pit Reserve and the conclusion of our current feasibility study.

HIGHLIGHTS

- **1.4M Oz Resource (previously announced June 2013) completed by H&SC Consultants Pty Ltd**
- **554K Oz Sihayo Ore Reserve estimate (in-situ) and Life of Mine plan prepared by Entech Pty Ltd**
- **Resource & Reserve prepared in accordance JORC Code 2012 edition and guidelines for the reporting of Mineral Resource Estimates and Ore Reserves**
- **428K Oz recovered from 'Sihayo Life of Mine' (LOM) gold production from proposed open pit mining, includes 35K Oz recovered from Inferred ore**
- **7.8Mt ore mined at 2.4g/t average grade and 3.4:1 (Waste:Ore) strip ratio over 10 year LOM**
- **Processing rate of 750ktpa at an average recovery of 71% delivers approximately 43K Oz/yr over the LOM**
- **Average Site Cash Operating Costs US$775/oz[1] (assumes diesel fuel power supply)**
- **Construction Capital Estimate US$58.7M equates to US$137/oz recovered (assumes diesel power generation and excludes contingency)**
- **US$57.5M LOM NPV_8 estimate (Pre Tax & including Royalty) assuming gold price at $1,400/oz**
- **Excludes further potential gold production from Sambung and future opportunities from Sihayo**
- **Company focussed on activity to obtain permits and approvals required to achieve a Construction permit**

Note

1. LOM Average Site Cash Operating Costs do not include a total of US$27.9m to be spent over the full 10 years of Sihayo LOM for tailings storage facility construction

"The Sihayo Life of Mine represents the best project returns balancing the previous Stage 1 concept and high strip ratio options. It continues to provide an operating footprint to realise the value from remaining resources at Sambung & Sihayo and retains significant upside pending alternative solutions for power supply and metallurgy recoveries", **says Mr. Stuart Gula, Chief Executive Officer and Managing Director.**

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Mineral Resource Estimate

The Sihayo and Sambung deposits Mineral Resource Estimate was previously announced June 17, 2013 and no material changes have occurred. It is based on Mineral Resource Estimates review and work undertaken by H&S Consultants Pty Ltd. The relevant JORC 2012 Table 1 is included as an appendix.

Resource	*Tonnage (Mt)*	*Grade Au (g/t)*	*Contained Gold ounces*	*JORC Classification*	*Au Cut-off grade (g/t)*
SIHAYO	**2.4**	**2.8**	**218,000**	**Measured**	**1.2**
	9.2	**2.5**	**747,000**	**Indicated**	**1.2**
	3.7	**3.0**	**357,000**	**Inferred**	**1.2**
	15.3	**2.7**	**1,322,000**	**Measured & Indicated & Inferred**	**1.2**
SAMBUNG	**0.5**	**2.1**	**32,000**	**Measured**	**1.2**
	1.0	**2.0**	**65,000**	**Indicated**	**1.2**
	0.1	**2.0**	**6,000**	**Inferred**	**1.2**
	1.6	**2.0**	**102,000**	**Measured & Indicated & Inferred**	**1.2**
TOTAL	**16.9**	**2.6**	**1,424,000**	**Measured & Indicated & Inferred**	**1.2**

"Above figures may not sum due to rounding. Significant figures do not imply an added level of precision"

Ore Reserves

Indicated and Measured Resources have been converted to Probable and Proved Ore Reserves respectively subject to mine design physicals and an economic evaluation by Entech Pty Ltd. All Inferred material was set to zero grade for the purposes of the estimation. The relevant JORC 2012 Table 1 is included as an appendix.

Resource	*Tonnage (Mt)*	*Grade Au (g/t)*	*Contained Gold ounces*	*Resource Category*
SIHAYO	**2.43**	**2.4**	**190,000**	**Proved**
	4.71	**2.4**	**363,000**	**Probable**
TOTAL	**7.14**	**2.4**	**554,000**	**Proved & Probable**

"Calculations have been rounded to the nearest 1,000t, 0.1 g/t grade and 1,000oz metal"

Location Plan

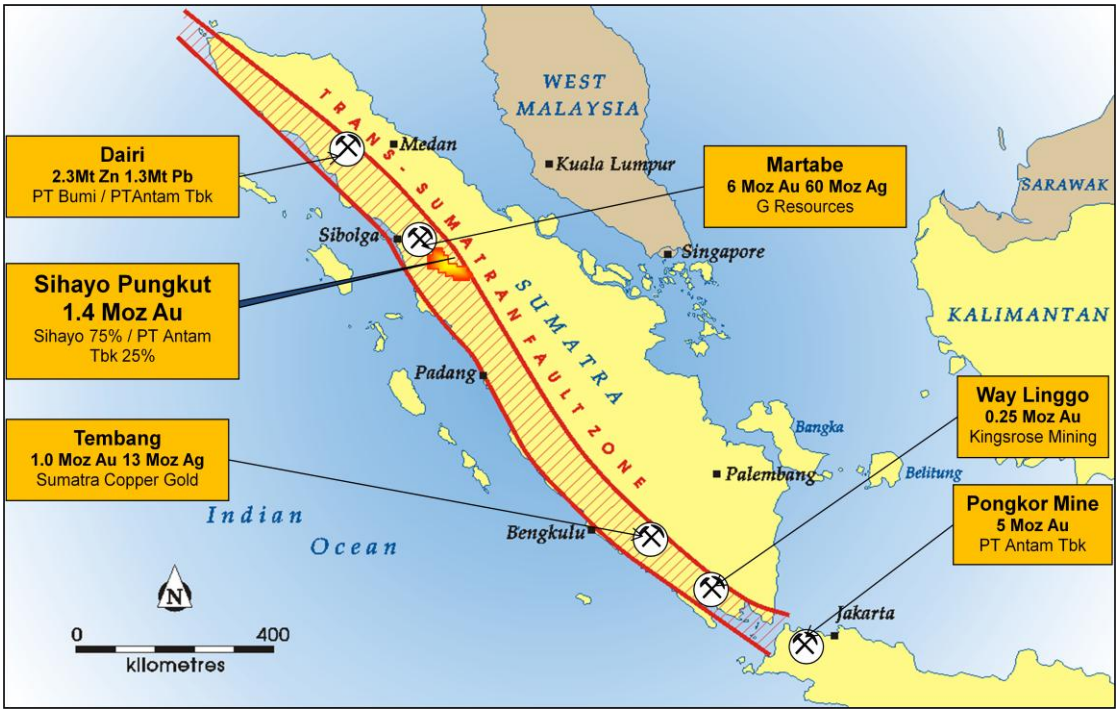

Figure 1: Significant Indonesian mineral deposits including the Sihayo Pungkut Gold Deposit

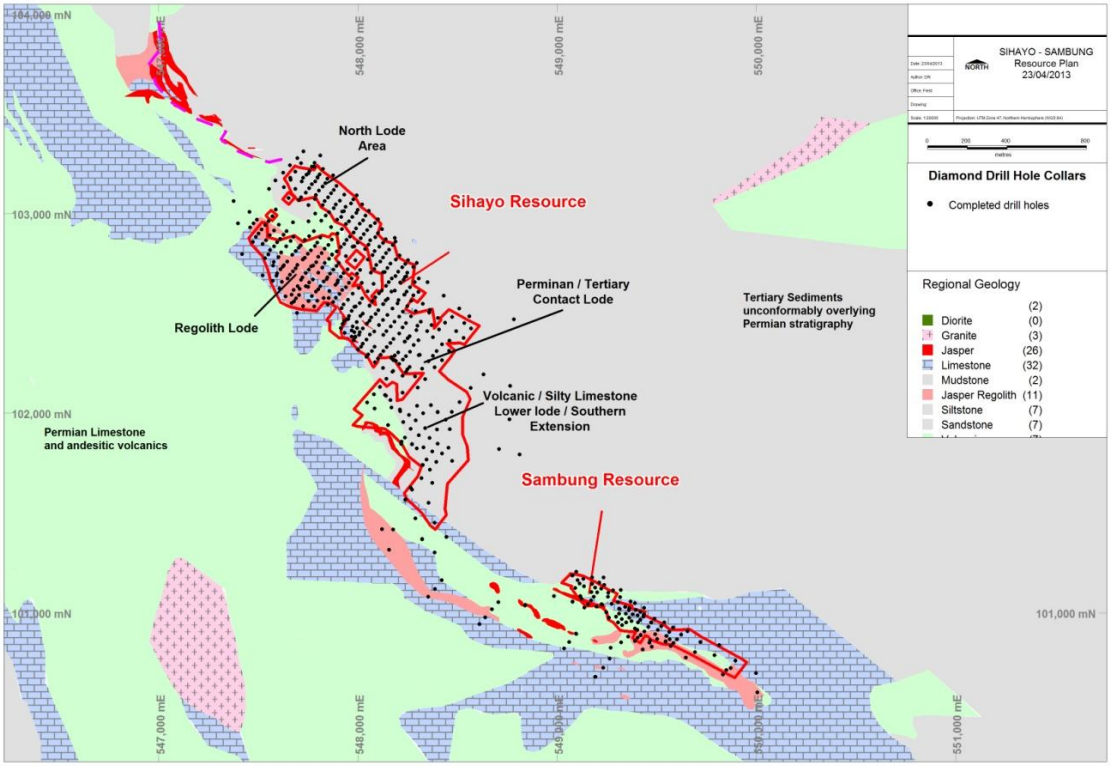

Figure 2: Sihayo-Sambung Resources Location Plan

Life of Mine Plan (LOM)

Mine optimisation and designs used a gold price of US $1,300 / oz.

Mining of the open pit will be achieved using conventional open pit mining methods (drill, blast, load and haul) utilising 50 t class excavators and 38 t trucks (payload). This fleet was chosen for availability in-country, productivity potential and cost effectiveness.

All ore will be trucked directly from the pit floor to the Processing Plant ROM by the mining fleet. This represents an ex-pit haulage distance of approximately 2.25 km.

Ore will be treated through a 750 kt/yr capacity process plant with an assumed 85 % operational availability. The process flowsheet is based on treatment of a free milling gold ore.

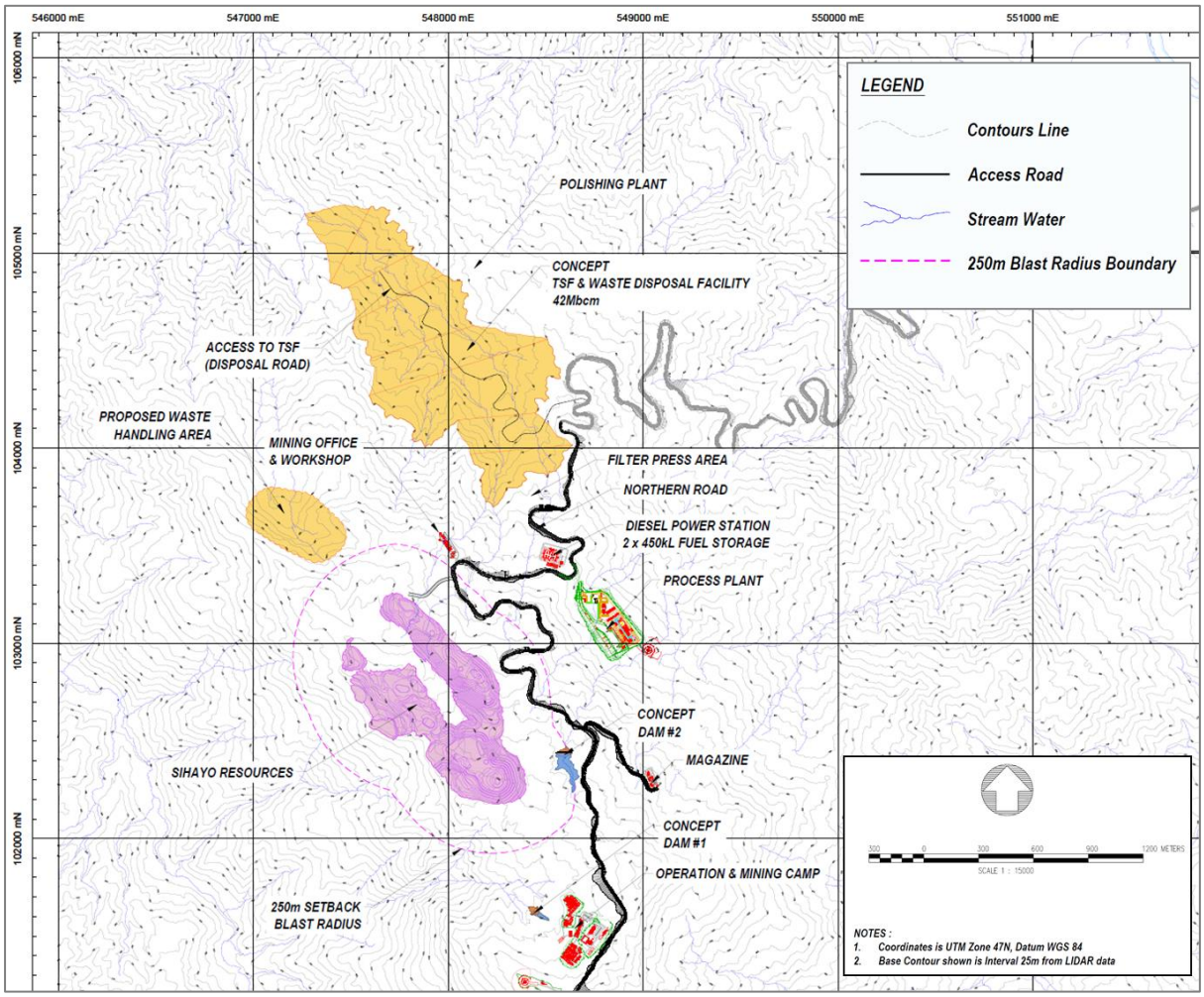

Figure 3: Project Site Area

A programme of testwork has been carried out on 19 composite samples representing mineralisation from the Sihayo - Sambung deposits. Thirteen of these composites are relevant to the proposed Sihayo open pit mining area and represent various ore types consisting of different combinations of lithology, degree of oxidation and lode location.

A grind size of P_{80} 150 μm and a leach time of 20 hours were shown to be the optimum for CIL processing. Material handling will feature mineral sizers for handling sticky ores with high clay content expected during initial stages of the project. Feeders, chutes and associated equipment will be designed and constructed accordingly.

Prior to more competent material types being presented, it is proposed to undertake a process plant upgrade of the comminution circuit (additional crushing and grinding capacity).

Average gold recoveries are as per the following table.

Weathering Description	Oxidation	Recovery
Oxide	≥ 70%	87.3 %
Transitional	≥ 30% < 70%	69.1 %
Fresh	< 30%	62.1 %
Total		**70.9 %**

All waste material is planned to be used in the Tailing Storage Facility (TSF) construction. It is proposed to dewater all process plant tailings after detoxification using a filter press prior to placement within the TSF. Any additional mine waste surplus to TSF construction requirements may be placed within appropriate long term storage areas adjacent to the pit.

Capital Costs

All surface infrastructure capital costs associated with the processing facility have a base date from September 2013 and are broken down below exclusive of contingency on construction.

Description	Cost ($M)
Construction	
Owners Costs	5.7
Process Plant	17.7
Infrastructure and Services	25.5
Waste Dump Thickener and Filter Press	3.8
EPCM & Support Services	6.0
Sub-total - Construction	58.7
Process Plant Upgrade (Year 6)	12.1
Total Plant & Infrastructure	**70.9**
Mining - (LOM)	**8.1**
Sustaining Capital - (LOM)	**6.0**
Total Capital Costs	**85.0**

Operating Costs

The average operating costs (C1) for the LOM are as follows;

Operating Costs (C1*)		
Mining	*$ 271 / oz recovered*	*$ 3.29 / t (ore + waste)*
Processing - Power	*$ 222 / oz recovered*	*$ 12.21 / t ore processed*
Processing – Other (excluding TSF)	*$ 162 / oz recovered*	*$ 8.89 / t ore processed*
G&A (includes refining charges)	*$ 120 / oz recovered*	*$ 6.58 / t ore processed*
Total C1 cash cost (LOM)	**$ 775 / oz recovered**	**$ 38.98 / t ore processed**
Tailing Storage Facility	*$ 65 / oz recovered*	*$ 3.58 / t ore processed*

* C1 costs exclude Sustaining Capital, Royalties, Head Office Costs and Depreciation

Final revenue modelling of the project used a gold price of US $1,400 / oz. (This assumption has been calculated by applying a discount to the 4 year trailing average gold prices)

Pre tax NPVs has been used given the significant accumulated tax loss position within PT Sorikmas Mining. In addition, the majority of exploration and feasibility related project spending has been accounted for as loans from Sihayo Gold Limited to PT Sorikmas Mining.

Permitting and Approvals

The Project is located within a Generation VII Contract of Work (CoW) located in 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 PT Sorikmas Mining (Sorikmas) which is operated under a Joint Venture arrangement between API - 75% and PT Aneka Tambang – 25% (ANTAM).

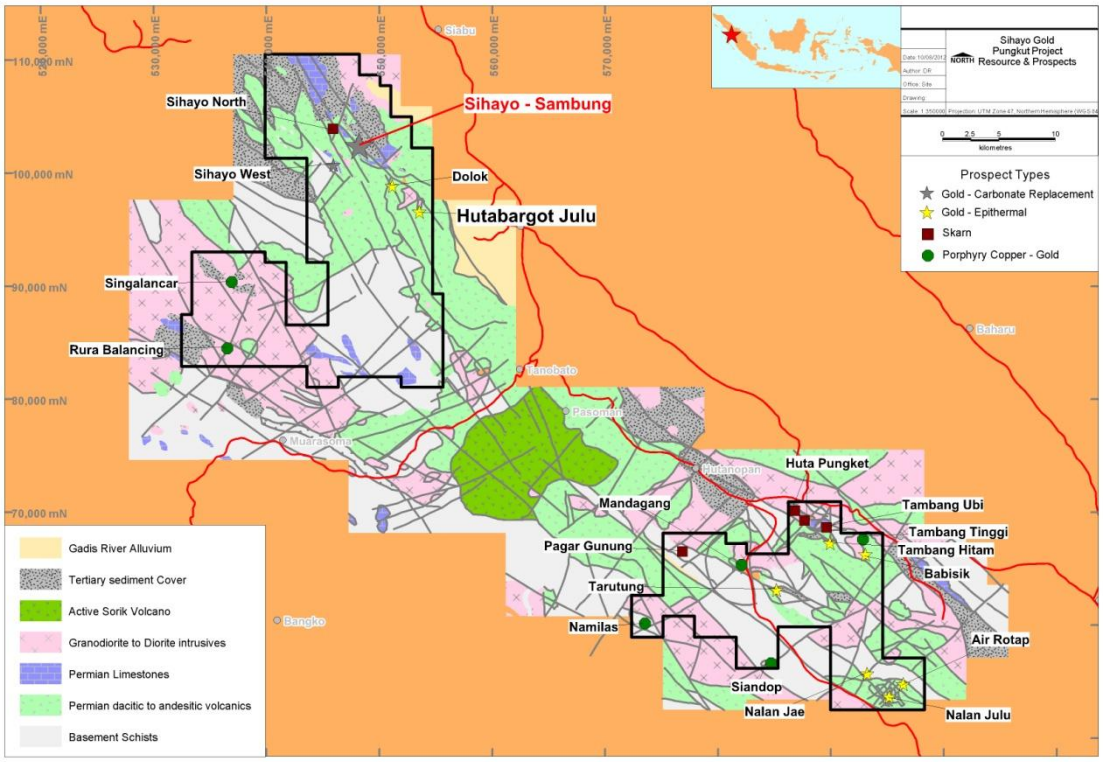

Figure 3: Sihayo Pungkut Gold Project – CoW Boundary, Project Location & Key Prospects

Key permits for the project to progress to the construction phase are as follows:

- AMDAL assessment will be used by the Ministry of Environment (KLH) as an instrument for supervision over the project and regional development in the area of the operation. A submission has been made in relation to the 'terms of reference' (KA-ANDAL) for this assessment. We await permission to proceed.
- A Government of Indonesia Feasibility Study is expected to be submitted during Q1 2014 comprising technical and financial information in support of the project.
- Forestry or 'Borrow and Use' (Pinjam Pakai) permitting from the Forestry Department must be completed subject to receipt of final permits on the above.

At the time of writing all permits required for obtaining a Construction permit have been initiated (except for Forestry Permit) and other than some additional clarification required on our submissions we await approvals to proceed.

An application has been made to the Government of Indonesia for an extension of the Feasibility Period provided for in the CoW.

Key Focus

The following key activities remain;

- Management is working with major shareholders in respect to ongoing funding requirements. The Saratoga and Provident Groups have indicated they remain supportive of the Company.
- Focus activity of the company to obtain permits and approvals required to achieve a Construction permit for the project during 2014.
- Substantial cost reductions have already been initiated and these are forecast to drop further with the conclusion of the feasibility study.
- Initial discussions commenced with potential providers of project finance to be further developed during 2014.
- Pursue potential power supply for the project from the 'in-country' power provider (PLN). Discussions have commenced with PLN
    - In terms of sensitivity a 50% reduction in power cost will reduce C1 Cash Cost by approximately US$ 110 per oz recovered.
- Investigate additional opportunities to improve metallurgical recovery.
    - In terms of sensitivity, an improvement in LOM average gold recovery to 76% will improve C1 Cash Cost by approximately US$ 50 per oz recovered.
- Further optimisation of construction and mine planning, schedules and associated costs.

The company will provide further updates on the progress as appropriate.

Yours faithfully,

SIHAYO GOLD LIMITED

Stuart Gula
Chief Executive Officer and Managing Director
29th January 2014

All statements in this report, other than statements of historical facts that address future timings, activities, events and developments that the Company expects, are forward looking statements. Although Sihayo Gold Limited, its subsidiaries, officers and consultants believe the expectations expressed in such forward looking statements are based on reasonable expectations, investors are cautioned that such statements are not guarantees of future performance and actual results or developments may differ materially from those in the forward looking statements. Factors that could cause actual results to differ materially from forward looking statements include, amongst other things commodity prices, continued availability of capital and financing, timing and receipt of environmental and other regulatory approvals, and general economic, market or business conditions.

Sihayo Resource
Information that relates to Mineral Resource Estimates at the Sihayo project is based on information compiled by or under the supervision of Mr Robert Spiers, who is an independent consultant and Director of H&S Consultants to PT Sorikmas Mining. Mr Spiers has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as an Independent Competent Person as defined in the 2012 edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves' and an Independent Qualified Person as defined in the Canadian National Instrument 43-101 (standards of Disclosure for Mineral Projects). Mr Spiers is a Member of the Australian Institute of Geoscientists and a

full time employee of H&S Consultants. Mr Spiers consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

Sambung Resource

Information that relates to Mineral Resource Estimates at the Sambung project is based on information compiled by or under the supervision of Mr Luke A Burlet, who is an independent consultant and Director of H&S Consultants to PT Sorikmas Mining. Mr Burlet has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as an Independent Competent Person as defined in the 2012 edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves' and an Independent Qualified Person as defined in the Canadian National Instrument 43-101 (standards of Disclosure for Mineral Projects). Mr Burlet is a Member of the Australian Institute of Geoscientists and a full time employee of H&S Consultants. Mr Burlet consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

Sihayo Reserve

Information that relates to Ore Reserves at Sihayo is based on information compiled by or under the supervision of Mr Shane McLeay, who is a Principal Mining Engineer at Entech Pty Ltd and provided to PT Sorikmas Mining. Mr McLeay has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as an Independent Competent Person as defined in the 2012 edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr McLeay is a Fellow of the Australasian Institute of Mining and Metallurgy and a full time employee of Entech Pty Ltd. Mr McLeay consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.