



## QUARTERLY REPORT - 3 months ending 31st December 2012

### HIGHLIGHTS

#### SIHAYO PUNGKUT GOLD PROJECT, INDONESIA (75%)

- Definitive Feasibility Study ("DFS") work continued on JORC update of the Sihayo/Sambung Resource
- Sample collection for final phase metallurgical test work completed
- Review of project implementation planning has commenced
- Sihayo Resource infill drilling program is planned for Q1 2013 to upgrade JORC Indicated to JORC Measured for near surface mineralisation
- Hutabargot Julu Prospect drilling:  
Eleven holes (HUTDD040 to HUTDD051) completed and assayed with a number of **significant shallow high grade gold and silver intersections** including:

- HUTDD040 3.7m @ 15.45 g/t Au and 23 g/t Ag from 55.4m
- HUTDD040 4.3m @ 1.39 g/t Au and 170 g/t Ag from 98.2m
- HUTDD042 11.1m @ 1.79 g/t Au and 30 g/t Ag from 51m
- HUTDD044 7.7m @ 1.65 g/t Au and 310 g/t Ag from 33.4m
- HUTDD045 12.8m @ 1.67 g/t Au and 380 g/t Ag from 46.9m
- HUTDD046 5.3m @ 7.25 g/t Au and 19 g/t Ag from 56.2m
- HUTDD047 1.15m @ 204 g/t Au and 63 g/t Ag from 83.4m
- HUTDD050 5.6m @ 1.86 g/t Au and 18 g/t Ag from 2.6m
- HUTDD050 6.6m @ 1.42 g/t Au and 53 g/t Ag from 14.6m
- HUTDD051 8.9m @ 2.75 g/t Au and 16 g/t Ag from 1.8m
- **HUTDD051 8.0m @ 3.59 g/t Au and 18 g/t Ag from 13.6m**
- HUTDD051 13.5m @ 1.06 g/t Au and 29 g/t Ag from 25.5m

Drilling to date indicates significant geological potential

#### CORPORATE

- Appointment of new Chief Executive Officer, Stuart Gula
- Company ended December Quarter with A\$4.1m in cash and is debt free

## REVIEW OF OPERATIONS

The focus of activities during this quarter was on the Sihayo Pungket Gold Project ("SPGP"). Activities included ongoing work on the Sihayo-Sambung DFS, Sihayo/Sambung Resource update and Hutabargot Julu drilling and surface exploration. Figure 1 shows the location of these activities within the Sihayo Pungket Contract of Work ("COW") area.

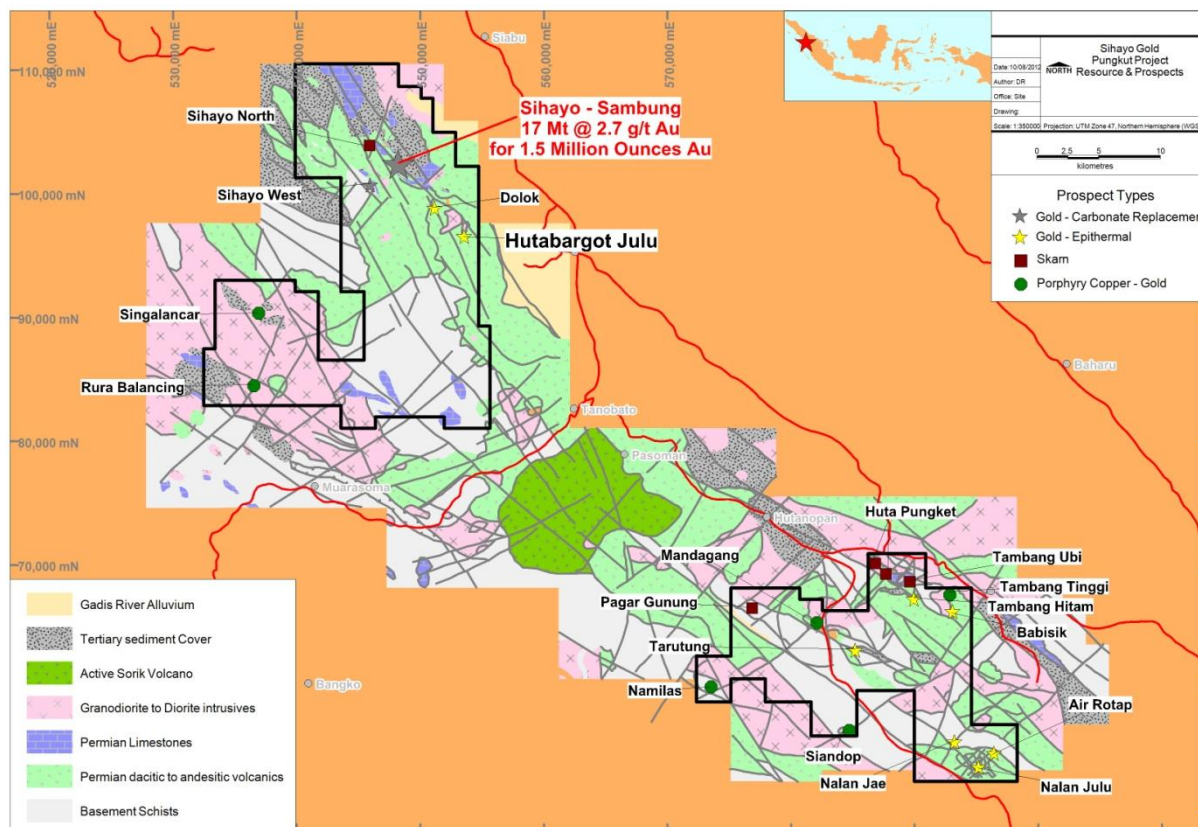


Figure 1: Sihayo Pungket COW – JORC Resources and prospect locations

### 1. Definitive Feasibility Study ("DFS")

During the quarter, DFS related work focused on the project permitting related activity, metallurgy studies, QA/QC review of the JORC Resource and implementation planning. The DFS remains on schedule for the revised June 2013 completion.

#### Permitting & Approvals

PT Lorax (Indonesia) has been engaged to assist the permitting and approvals process.

Submissions have commenced at Central Government level in relation to the AMDAL (Environment). Work is in progress on the Republic of Indonesia Feasibility Study and the required Project Closure & Reclamation Plan.

#### JORC Resources

Hellman & Schofield have been reviewing the Sihayo/Sambung JORC Resource estimates and are updating both the Sihayo and Sambung resource models.

Further investigation to improve the Sihayo JORC Resource from Indicated to Measured for material to be mined during early stages of the project has identified the requirement for approximately 1,500m of additional drilling that is to be completed during Q1 2013.

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## **Metallurgy**

Approximately 2 tonne of core have been collected for dispatch based upon the mineralisation selected to represent the different “ore types” within the overall JORC Resource.

Bulk samples will be prepared based upon expected mining and processing schedules for optimisation of plant design, reagent consumption and recoveries for material types that will be presented during early stages of the project.

Further investigative work will be carried out on ore types that have returned lower recoveries to date.

Given the comprehensive nature of all the test work it is expected the full program, if required, will take up to 20 weeks to complete.

## **Implementation Planning**

The current state of the global financial market and its influence on potential project funding for SPGP is under consideration.

Alternative start-up and operating strategies are being investigated to improve the confidence of the early stage project cashflows and reduce initial capital requirements.

**A comprehensive update of the implementation planning will be released in Q1 2013.**

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## 2. Hutabargot Julu Drilling

The Hutabargot Julu prospect is located on the south eastern portion of the **11.5km long Sihayo-Hutabargot mineralised trend** (refer to Figure 1 below). The prospect is about 10km southeast from the **Sihayo-Sambung JORC Compliant Resource of 17Mt at 2.7 g/t Au for 1.5 Moz Au**. In the future, an access road could be constructed linking the Hutabargot Julu prospect to the Sambung JORC Resource.

The Hutabargot Julu prospect is underlain by a dacitic dome complex and dissected by the Trans Sumatran Fault Zone. Dacitic stratigraphy has been hydrothermally brecciated and magnetite destructive clay-silica-pyrite altered defining an approximate 6km \* 2km intermediate epithermal gold complex footprint. Significant mineralisation is structurally controlled veining within hydrothermal breccias and veins. A major North-South dislocation structure hosting high grade gold- silver mineralisation has been identified in **Western** Hutabargot. Historic drilling was focussed in **Eastern** Hutabargot and yielded a best intercept of **5m @ 36.7 g/t Au from 47m** from Quartz-Sulphide veining.

A recent data synthesis and field visit by Australian-based consultant, Ben Nicolson, culminated in a scout drilling program targeting three areas along the approximate 4 km North-South mineralised structure for gold-silver mineralisation. This structure has the potential to host **high grade gold ore shoots within 10 km of the proposed Sihayo-Sambung CIL processing plant**. The potential size of the gold/silver shoots ranges from smaller satellite zones to larger standalone targets. Scout drilling of these targets commenced on the 1<sup>st</sup> November 2012. Two of the three targets have been tested by 11 drill holes for 1,230m of drilling.

Each drill section has delivered significant to high grade gold and/or silver mineralisation. The drilling confirms that the structure has continuity and attributes to host significant gold-silver mineralisation. Higher silver grades (up to **1,110 g/t in HUTDD044 from 36.8 to 37.8m**) are associated with a "substantial" boiling zone showing quartz-manganese oxide after rhodocrosite veining overprinted by crustiform-colloform quartz veining (Refer Cross section 3 below).

Figure 2 shows the location of this reports drill results and the ongoing drill program. Cross Sections 1 to 5 summarise significant drill intercepts and geology and Table 1 summarises significant drill intercepts.

The Hutabargot Julu **regional structure** (dislocation along a major structural zone adjacent to a 100km long pull apart basin); **geology** (Dacitic volcanics intruded by diorite over a carbonate basement); **vein textures** (evolution relationships / boiling zone textures); and **vein mineralogy / geochemistry** (gold & silver, trace base metals, adularia, rhodocrosite, mineral zonation) are all consistent with known major epithermal deposits around the world, including Newcrest's Kencana deposit in Indonesia.

## 3. India (Diamonds) 9%

No further progress was made during the Quarter in resolving the legal status of the diamond tenements in India.

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## 4. Corporate

Stuart Gula was appointed as Chief Executive Officer (“CEO”) effective 14<sup>th</sup> January 2013. Stuart joined Sihayo in October 2012 as Chief Operating Officer and has over 25 years of management experience in the mining sector across Africa, Asia, Europe, North America and Australia.

The Company ended the September Quarter with AUD 4.1 million of cash and is debt free.

Yours faithfully,  
**SIHAYO GOLD LIMITED**

**Stuart Gula**  
Chief Executive Officer  
31<sup>st</sup> January 2013

### **Competent Persons Statements**

*Sihayo Gold Limited: The information in this report that relates to exploration, mineral resources or ore reserves is based on information compiled by Mr Darin Rowley (BSc.Geol Hons 1st class) who is a full time employee of PT Sorikmas Mining(75% owned subsidiary of Sihayo Gold Limited), and is a Member of the AusIMM. Mr Rowley 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 a competent person as described by the 2004 Edition of the “Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves”. Mr Rowley consents to the inclusion in this report of the matters based on his information in the form and context in which it appears.*

### *Sihayo Resource*

*Runge Limited: The information in this report that relates to Mineral Resources at Sihayo is based on information compiled by Mr Robert Williams BSc, a Member of the Australian Institute of Mining and Metallurgy, who is a full time employee in the mining industry and 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 a Competent Person as defined in the 2004 Edition of the Australasian Code of Reporting for Exploration Results, Mineral Resources and Ore Reserves. Mr Williams consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.*

*Modelling: The Sihayo deposit was estimated by Runge Limited using Ordinary Kriging grade interpolation, constrained by mineralisation envelopes prepared using a nominal 0.5g/t gold cut-off grade. In all cases a minimum downhole intercept length of 2m was adopted. The block dimensions used in the Sihayo model were 25m EW by 10m NS by 5m vertical with sub-cells of 6.25m by 2.5m by 1.25m. Statistical analysis of the deposit determined that a high grade cut of 30g/t Au was necessary which cut a single composite. Bulk density was assigned in the model based upon the results of 1,422 bulk density determinations.*

### *Sambung Resource*

*Runge Limited: The information in this report that relates to Mineral Resources at Sihayo is based on information compiled by Mr Trevor Stevenson. Mr Stevenson is a full time employee of Runge Limited (RUL), a Fellow of the Australian Institute of Mining and Metallurgy (AusIMM), and has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he has undertaken to qualify as a Competent Person as defined in the 2004 Edition of the Australasian Code for the Reporting of Mineral Resources and Ore Reserves. Mr Stevenson consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.*

*Modelling: The Sambung deposit was estimated by Runge Limited using Ordinary Kriging grade interpolation, constrained by mineralisation envelopes prepared using a nominal 0.5g/t gold cut-off grade. In all cases a minimum downhole intercept length of 2m was adopted. The block dimensions used in the model were 10m along strike by 10m across strike by 5m vertical with sub-cells of 5m by 5m by 2.5m. Statistical analysis of the deposit determined that a high grade cut of 25g/t Au was necessary which resulted in 2 composites being cut. Bulk density was assigned in the model based upon the results of 382 bulk density measurements.*

### *Note*

*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.*

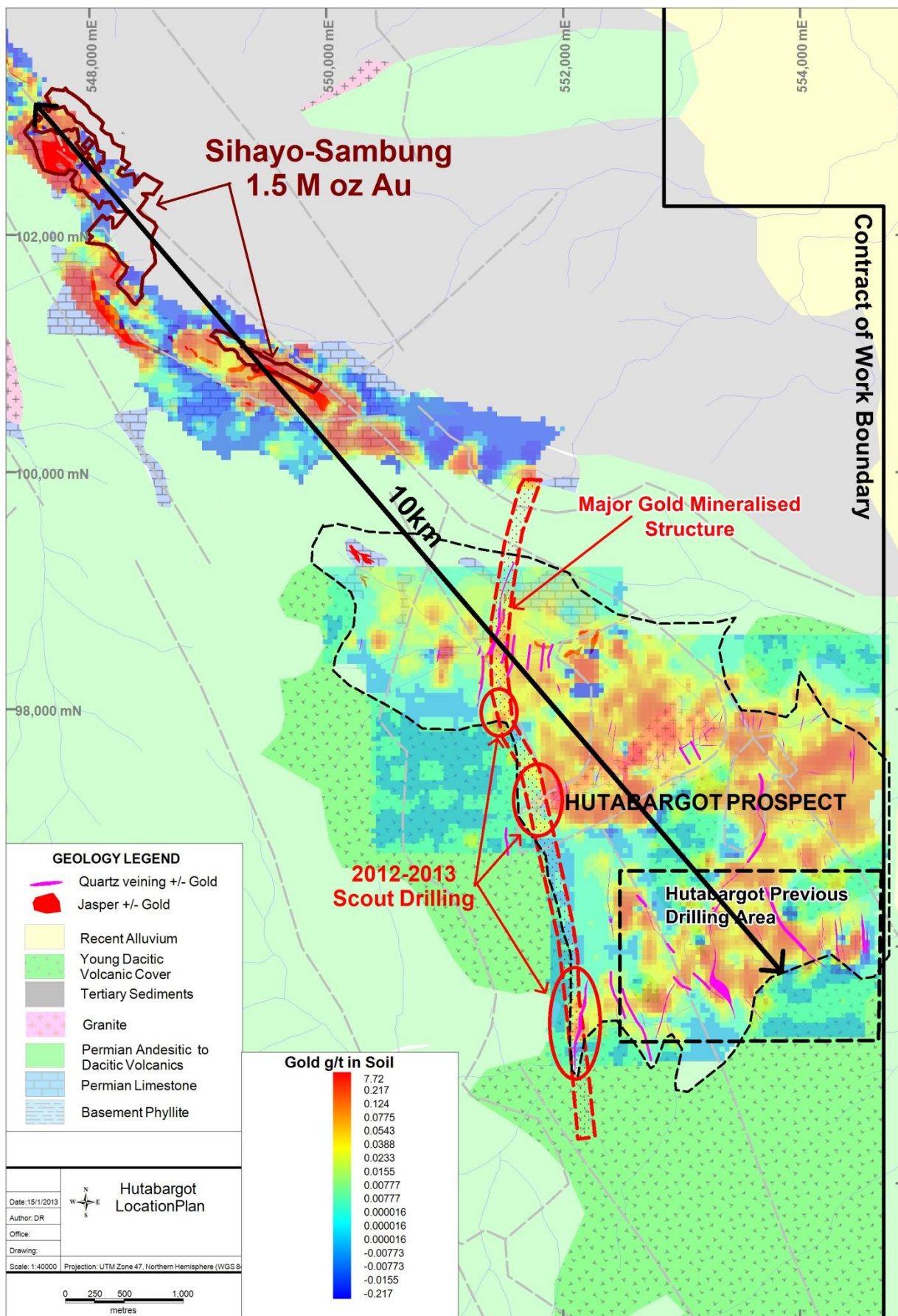
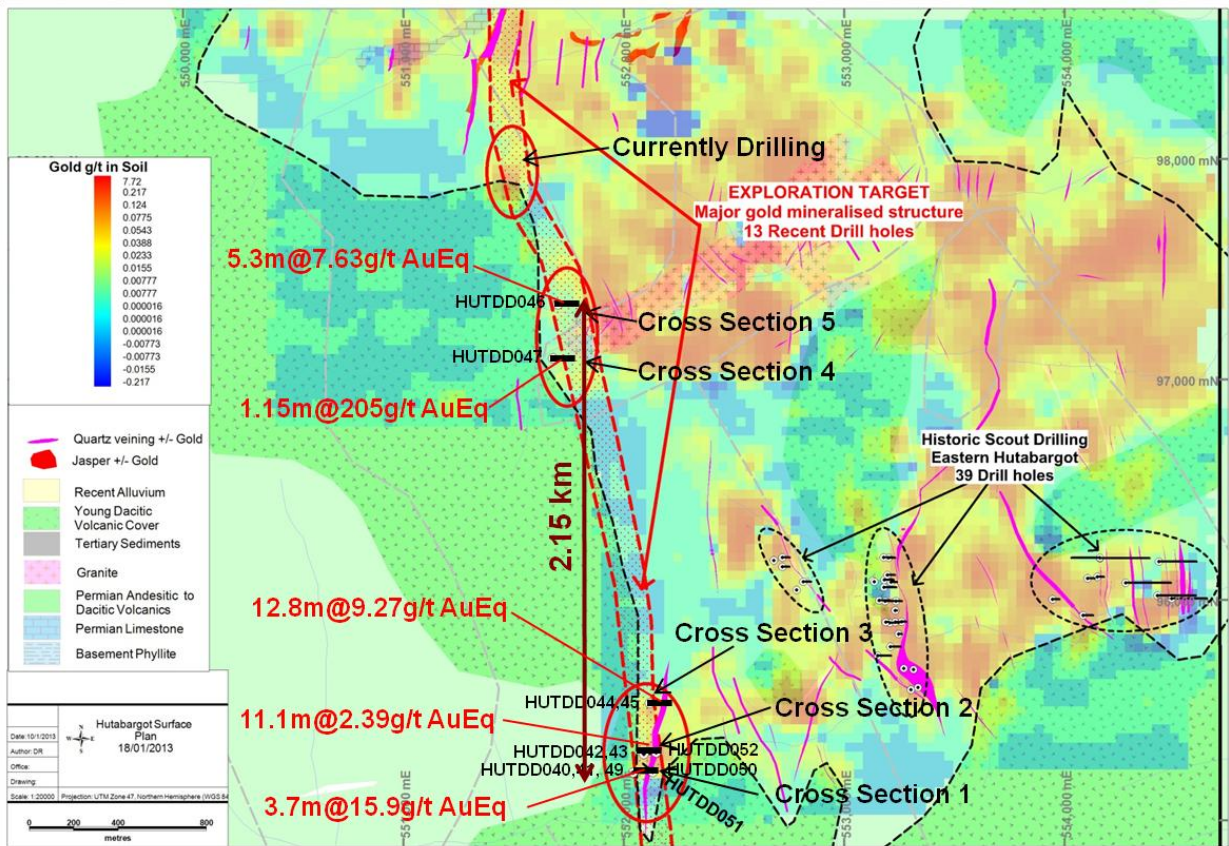
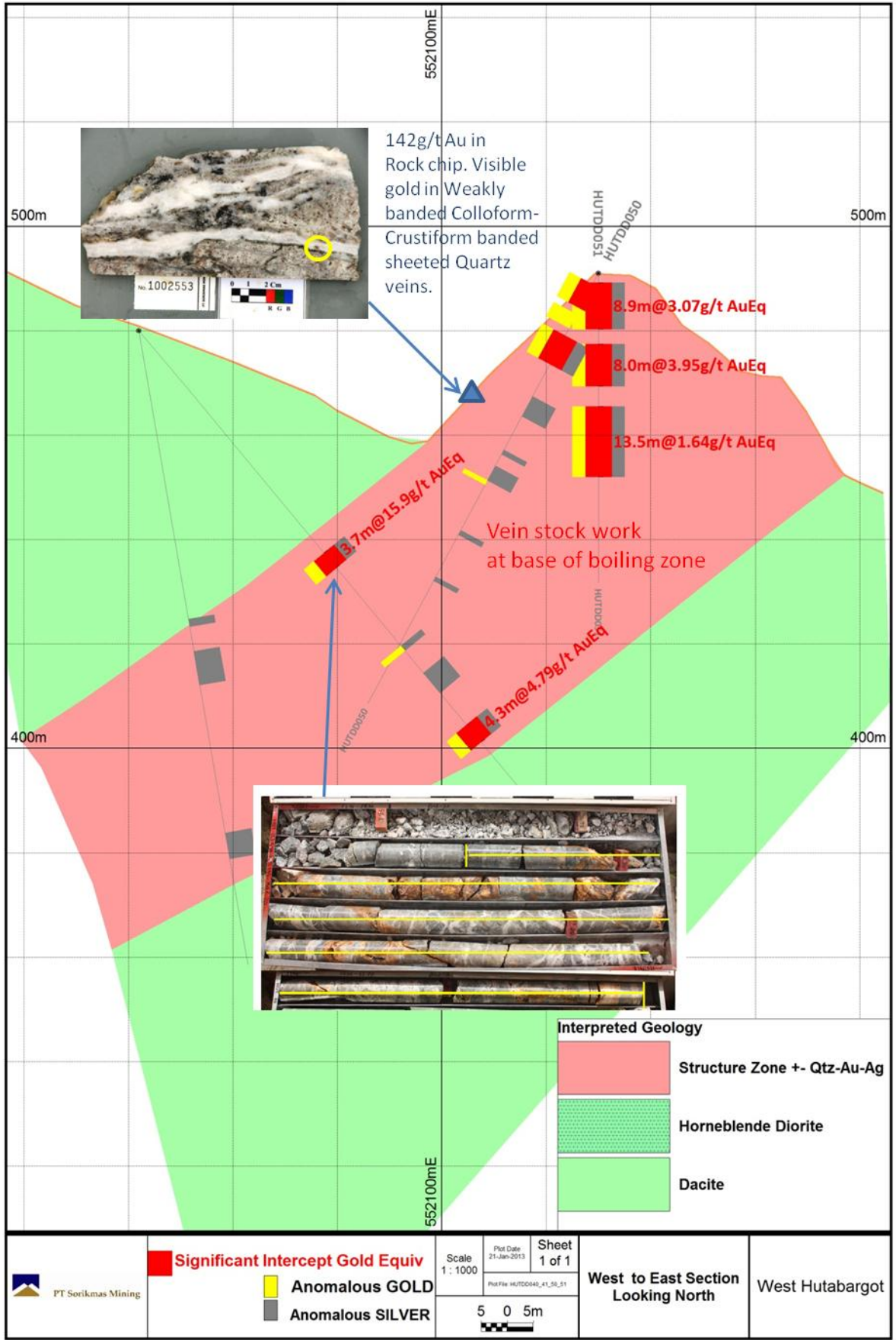


Figure 1: Hutabargot Julu Location



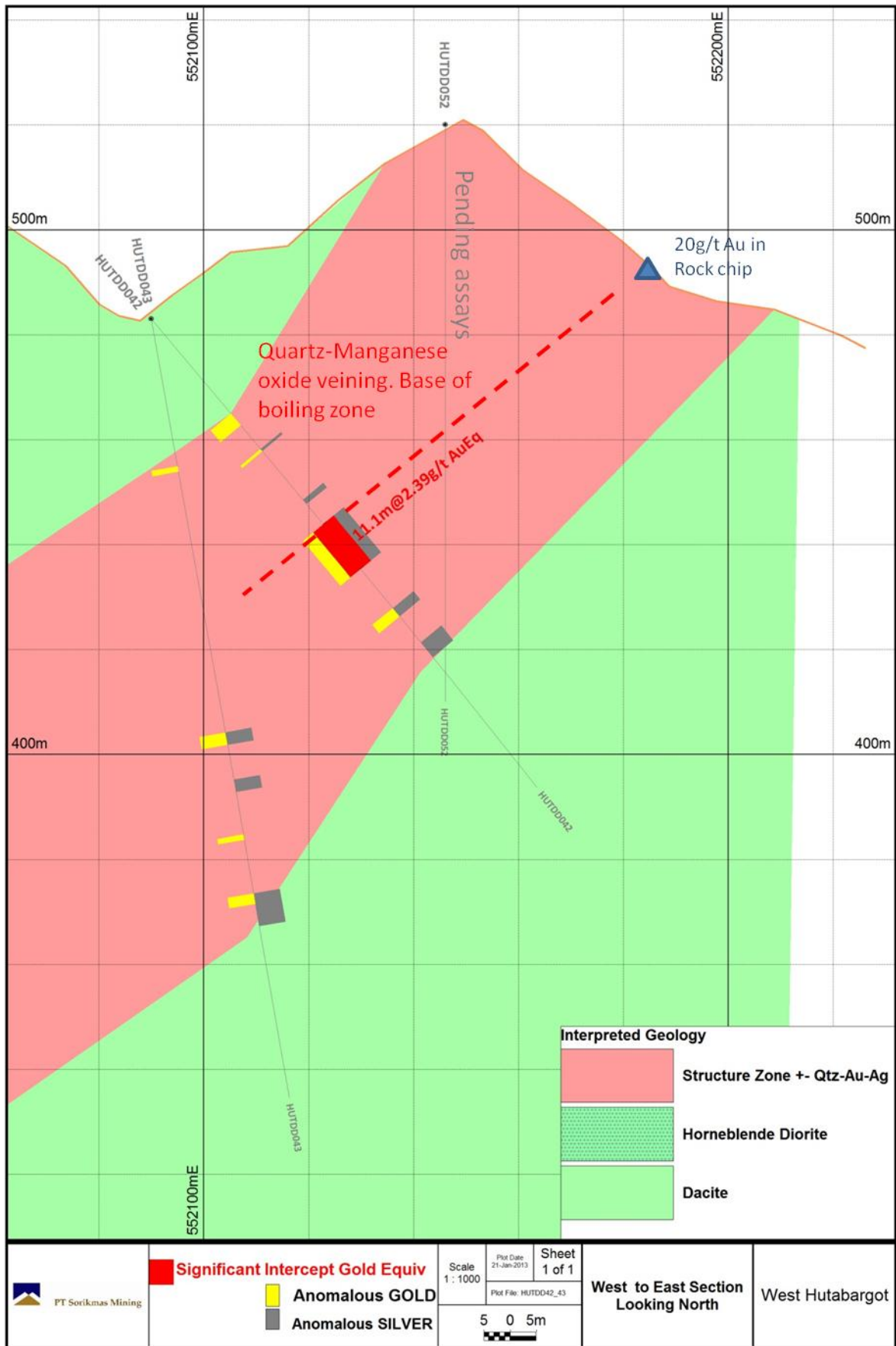
**Figure 2: Drill hole and cross section locations this report. One significant gold intercept shown in plan view per cross section (see cross sections below for further details)**

NB: Gold equivalent (AuEq) is a calculated grade. Silver (Ag) is calculated as a gold (Au) equivalent by using a ratio of 50 grams of silver (~\$32USD per ounce) to 1 gram of gold (~\$1600USD per ounce).

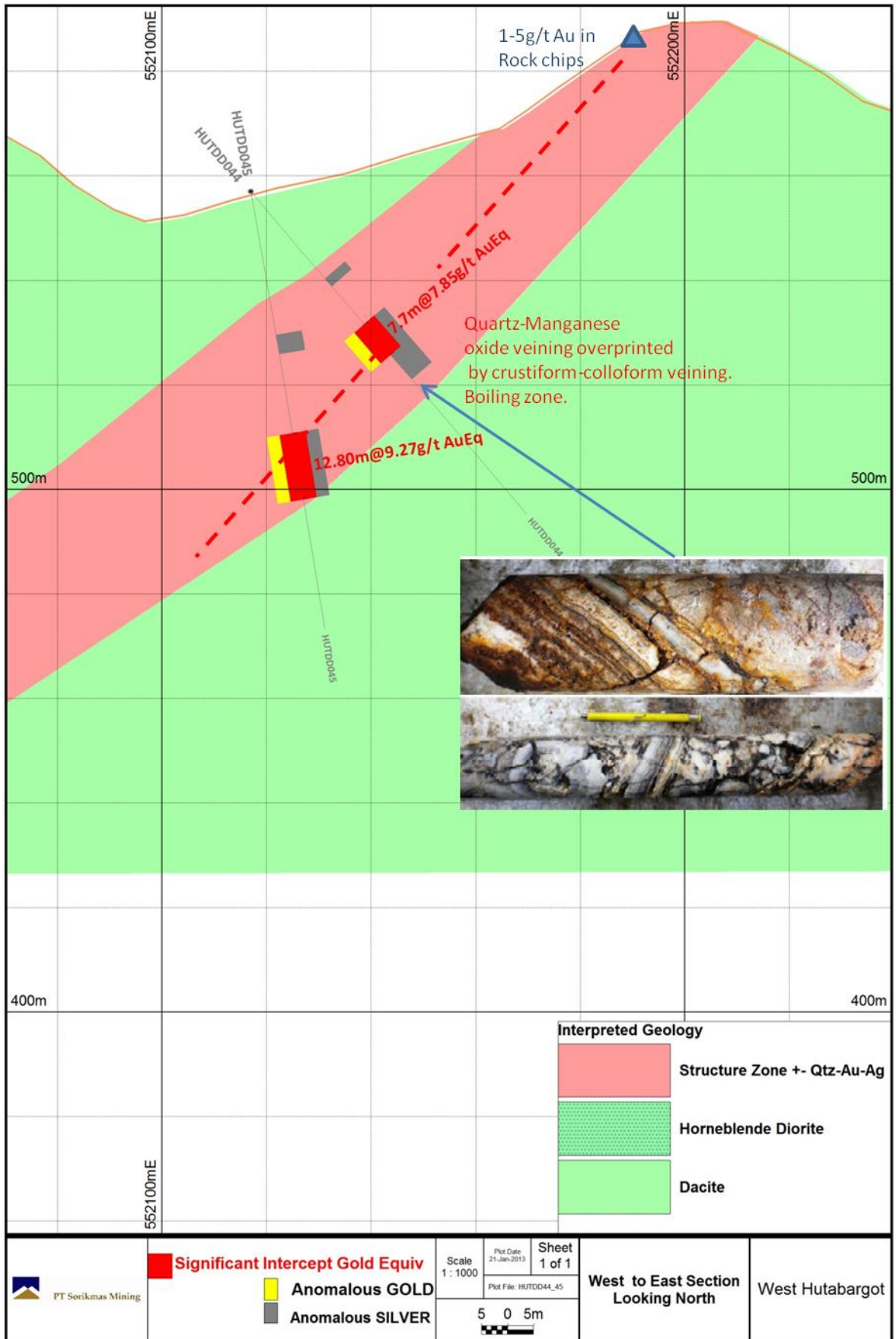


**Cross Section 1: HUTDD040, HUTDD041, HUTDD050, HUTDD051.  
(Located in Figure 2, looking north)**

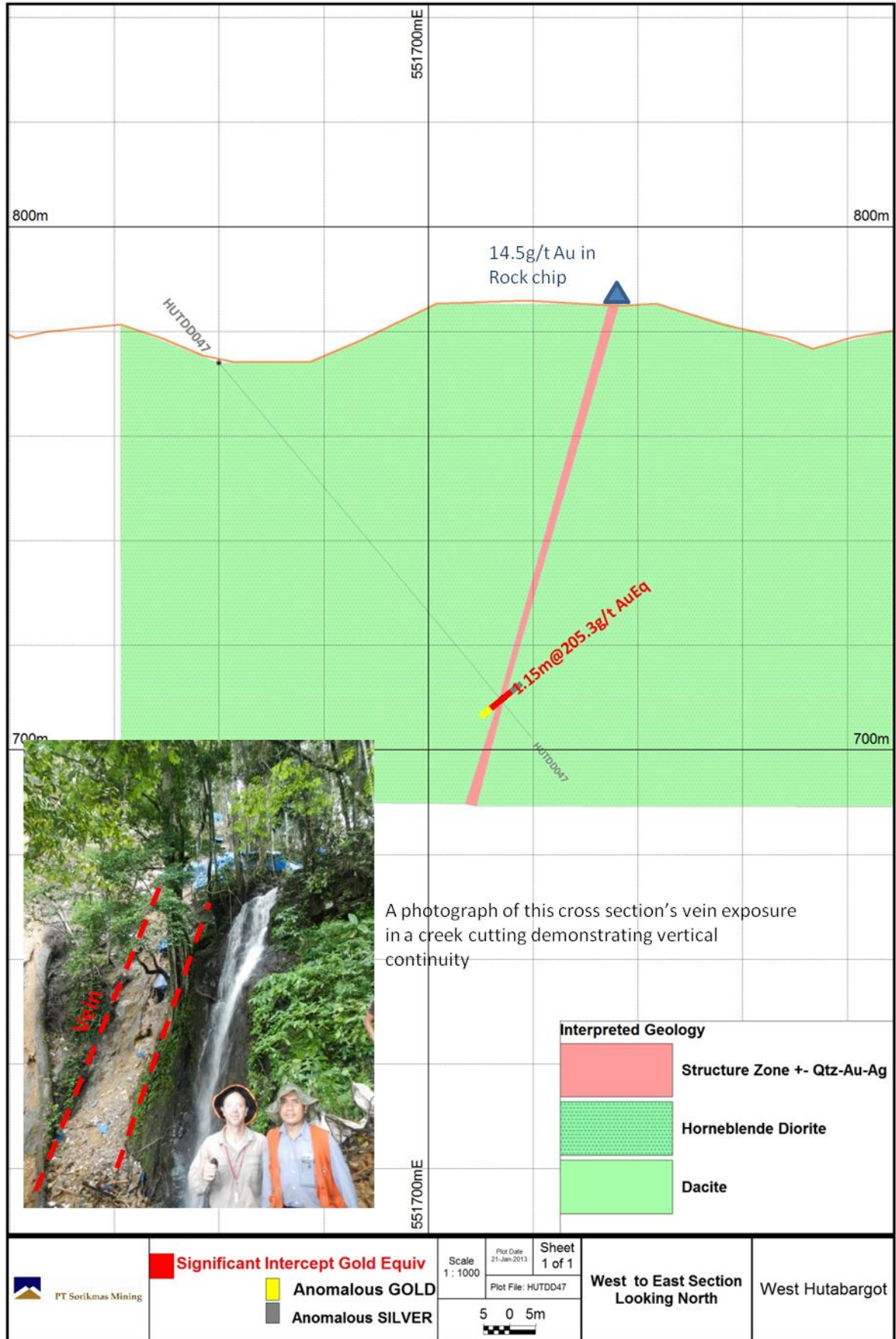




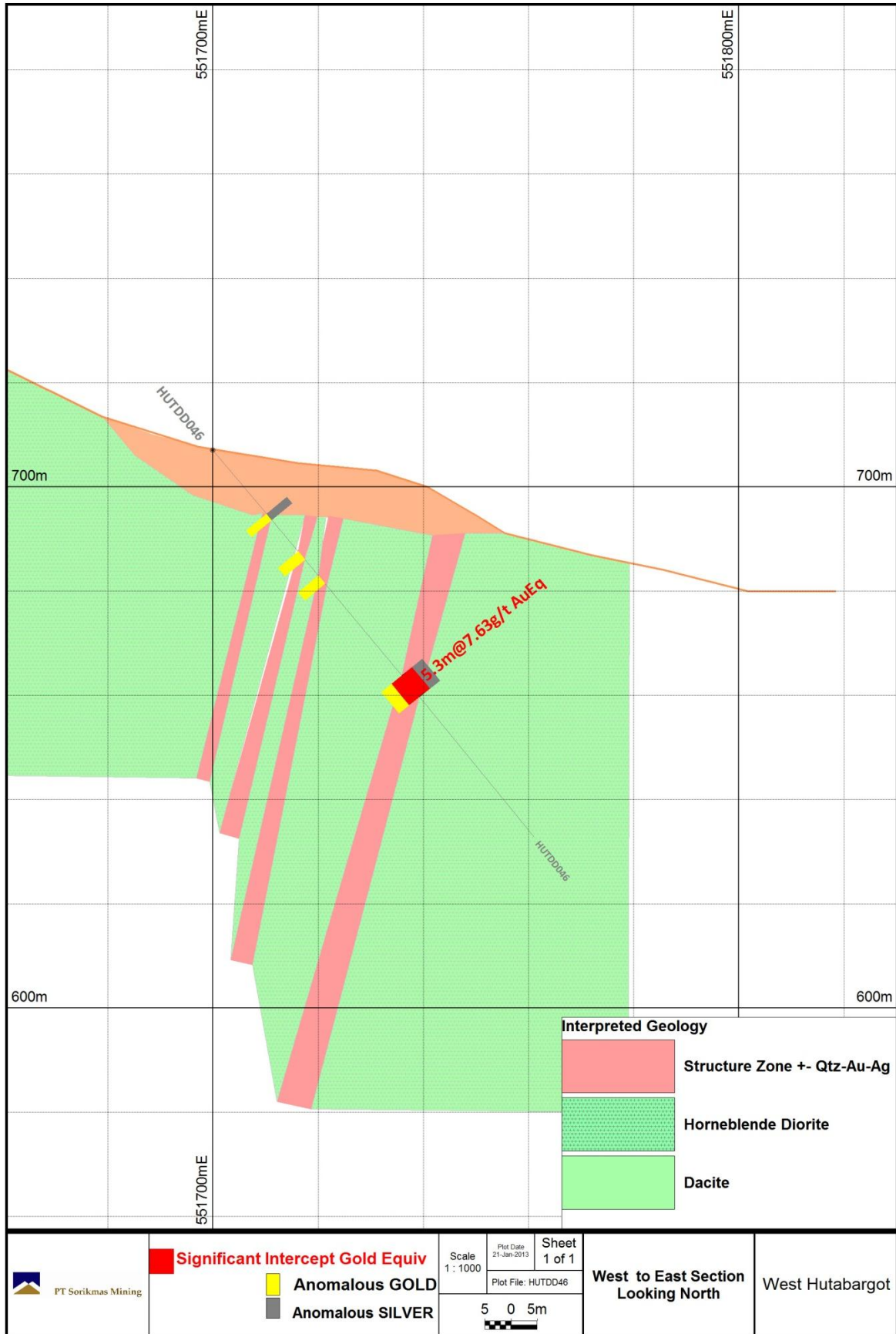
Cross Section 2: HUTDD042 & HUTDD043. (Located in Figure 2, looking north)



Cross Section 3: HUTDD044 & HUTDD045. (Located in Figure 2, looking north)



**Cross Section 4: HUTDD047. (Located in Figure 2, looking north)**



Cross Section 5: HUTDD046. (Located in Figure 2, looking north)

**Table 1: Significant gold Intercepts for drill holes HUTDD040 to HUTDD051**

Hole_ID	East UTM	North UTM	RL (m ASL)	Azi	Dip	Max Depth (m)	From	To	Length	Au g/t	Ag g/t	Au equiv g/t
HUTDD040	552042	95215	480	90	-50	140.5	55.4	59.1	3.7	15.45	23	15.90
							78.5	79.7	1.2	1.06	36	1.78
							85.25	90.2	4.95		24	0.48
							98.2	102.5	4.3	1.39	170	4.79
							119.6	124.6	5		17	0.34
HUTDD041	552042	95215	480	90	-80	195.75	56	57.5	1.5		24	0.48
							62.3	68.85	6.55		26	0.52
							97.6	102.6	5		23	0.46
							179.8	181.1	1.3		33	0.66
HUTDD042	552090	95301	483	90	-50	115.7	23.55	26.4	2.85	1.15		1.15
							32.4	32.85	0.45	2.54	448	11.5
							45	46	1		27	0.54
							51	62.1	11.1	1.79	30	2.39
							71.8	73.8	2	1.03	25	1.73
							80.2	83.8	3.6		31	0.62
HUTDD043	552090	95301	483	90	-80	150.75	28.5	29.5	1	1.24		1.24
							80.05	82.4	2.65	1.63	46	2.55
							89.2	91.55	2.35		27	0.54
							99.8	100.8	1	1.21		1.21
							111.2	113.2	2	1.44	50	2.44
							113.2	117.5	4.3		28	0.56
HUTDD044	552117	95532	557	90	-50	81.3	21.9	23.8	1.9		33	0.66
							33.4	41.1	7.7	1.65	310	7.85
							41.1	47.3	6.2		36	0.72
HUTDD045	552117	95532	557	90	-80	84.9	27.85	31.55	3.7		45	0.90
							46.95	59.75	12.8	1.67	380	9.27
HUTDD046	551698	97339	726	90	-50	96.2	15.9	17.4	1.5	1.12	54	2.20
							25.3	27.3	2	1.34		1.34
							31.3	33.3	2	3.92		3.92
							56.2	61.5	5.3	7.25	19	7.63
HUTDD047	551660	97097	774	90	-50	93.5	83.4	84.55	1.15	204	63	205.3
HUTDD050	552130	95221	491	310	-55	100.7	2.6	8.2	5.6	1.86	18	2.22
							9.6	12.8	3.2	1.02		1.02
							14.6	21.2	6.6	1.42	53	2.48
							28.8	33.4	4.6		19	0.38
							41.3	42.3	1		15	0.3
							45	48.45	3.45		38	0.76
							48.45	49.45	1	1.63		1.63
HUTDD051	552130	95221	491	0	-90	59.3	1.8	10.7	8.9	2.75	16	3.07
							13.6	21.6	8	3.59	18	3.95
							25.5	39	13.5	1.06	29	1.64

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**Notes**

1. All Au assays determined by 50gm fire assay with AAS finish by Intertek- Caleb Brett Laboratories of Jakarta
2. Lower cut of 1.0ppm Au used
3. All Ag assays determined by Hydrochloric/Perchloric digestion with AAS finish by Intertek- Caleb Brett Laboratories of Jakarta
4. Lower cut of 15.0 g/t Ag used
5. A maximum of 2m of consecutive internal waste (material less than 1.0ppm Au or less than 15g/t Ag) per reported intersection
6. Au equivalent uses ratio of 50 grams silver to 1 gram gold
7. All interval grades were calculated as a weighted average
8. All intervals reported as down hole lengths
9. Sampling regime as quarter core for PQ and half core for NQ and HQ diameter core
10. Quality Assurance and Quality Control (QAQC): Standards, duplicates, blanks
11. Coordinates in UTM grid system (WGS84 z47N)