

Quarterly Activities Report

For the three months ended 31 December 2022

Summary

During the quarter Sihayo Gold Limited (“**Sihayo**” or “**the Company**”) focused on the continued safe exploration activities at the Sihayo-Pungkut 7th Generation Contract of Work (“CoW”) in North Sumatra, Indonesia.

Exploration activities included the recommencement of drilling for high-grade jasperoid-hosted gold mineralisation located beneath the proposed pit shell for the Sihayo Starter Project, soil geochemical sampling over an epithermal gold-silver vein target on the eastern side of Hutabargot Julu, and prospecting over the Tambang Ubi copper-gold skarn target in the CoW south block.

The drilling program in progress at Sihayo commenced late in the quarter. A total of 1,415 metres in four holes was completed. All four holes intersected encouragingly thick jasperoid mineralisation. Assay results are expected in the March 2023 quarter.

Work on updating and incorporating High pH (Caustic) Leaching as well as underground mining opportunities into the Sihayo Starter Project is ongoing with outcomes also expected in the March 2023 quarter.

The Company continues to assess short-term and long-term funding alternatives. During the quarter ended 31 December 2022, Sihayo received a US\$1.5 million loan from its largest shareholder, Provident Minerals Pte Ltd, to cover working capital requirements. An announcement regarding additional funding will be made shortly.

Sihayo’s Executive Chairman Colin Moorhead commented:

“During the December quarter, significant progress was made towards an updated open pit Ore Reserve estimate that will incorporate the considerable benefit of higher recoveries resulting from application of High pH (Caustic) Leaching at Sihayo. This update will also include an update of capital and operating costs reflecting the changed use of reagents and the current cost environment and is planned for completion in the coming quarter. An underground mining study was also commissioned to assess mining and access options to exploit the deeper higher-grade material below the current open pit design. The encouraging results from this work will be combined with the results of new drilling targeting extensions to the southeast to inform a Concept Study planned to commence in the coming quarter. If successful, it is envisaged that an underground mine would be developed independently of the open pit early in the mine life, potentially generating a second source of feed for the Sihayo mill. In addition to the aforementioned project focused work, the exploration teams continued targeting precious metal epithermal mineralisation at the nearby Hutabargot Julu vein field and porphyry related base and precious metal mineralisation in the South Block near Kotanopan.”

Sihayo Gold Limited

ASX code: SIH

6,102,128,090 shares
AUD 0.2 cents per share
AUD 12.2 m market cap
AUD 0.89m 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

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Highlights

1. Exploration

a. Sihayo-1

A second stage of drilling with two rigs commenced late in the December 2022 quarter. This follows the announcement of encouraging gold assay results from the first stage of drilling conducted in the previous quarter to test for extensions to deeper high-grade gold-jasperoid mineralisation below the southern end of the planned Sihayo Starter Project pit. A total of four holes (SHDD646 to SHDD649) was drilled for 1,415 m in the December 2023 quarter. Results are expected to be received in the March 2023 quarter.

b. Hutabargot Julu

During the December 2022 quarter, surface mapping and soil geochemical sampling were completed over the Galugur-Panas epithermal vein target located about 3 km east of Sihorbo South, and part of the larger Hutabargot Julu vein field. The aim of this survey is to identify new targets for possible drill testing during 2023. Results are expected to be received in the March 2023 quarter.

c. Kotanopan

Prospecting continued over the Tambang Ubi high-grade Cu-Au skarn target and nearby porphyry-related targets located in the NE corner of the CoW south block. Soil geochemical sampling is planned to be conducted over this target during the March 2023 quarter.

2. Sihayo Starter Project

- a. Multivariate analysis and modelling of the results of cyanide leach test work using High pH indicated the potential to increase gold recoveries at the Sihayo Starter Project from 71.2% adopted in the 2022 Feasibility Study Update (“2022 FSU”) to 80 – 85%¹
- b. Sihayo has incorporated the impacts of Caustic Leaching into the recovery model and is now updating the Ore Reserves and economic modelling for the Sihayo Starter Project
- c. A study was also initiated to investigate underground mining opportunities at Sihayo to augment process plant feed for the Sihayo Starter Project. Viable underground access and mining methods have been identified and will be combined with results from current drilling to inform a Concept Study on underground mining at Sihayo

3. Corporate

- a. The Company continues to assess long-term and short-term funding options
- b. During the quarter ended 31 December 2022, the Company received a US\$1.5 million loan from its largest shareholder, Provident Minerals Pte Ltd

¹ Refer to ASX announcements “Sihayo Update” dated 21 October 2022 and “Final Results Received from High pH Pre-leaching Test Work” dated 5 July 2022

December 2022 Quarter Overview

Tuesday, 31 January 2023 – The Company is pleased to report on its activities for the three months to 31 December 2022.

Health, Safety & Environment

Although new COVID-19 case numbers have significantly declined in Indonesia during the quarter, COVID-19 mitigation protocols have remained in place 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 a 24-hour quarantine period at the project site prior to recommencing work. A strict regime of COVID-19 workplace protocols and established standard operating procedures continue to be observed 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 and a Total Recordable Injury Frequency Rate (TRIFR) of 0.00 for the three months to the end of the December quarter for FY2023.

Exploration

The Company continued its three-tiered approach to exploration, including Hutabargot Julu, Sihayo near-mine and broader target generation across the CoW.

A second stage of diamond drilling commenced on the Sihayo Starter Project area during the quarter. This is a follow-up program to the first stage of deep drilling reported in the previous quarter, which comprised seven holes (SHDD639 to SHDD645) for 2,216 m. These latest drilling programs are testing for continuity to, and potential open-extensions of, deeper higher-grade gold-jasperoid mineralization identified below the southern end of the planned Sihayo-1 pit, and for potential high-grade feeder zones “linking” and located beneath the stratabound mineralised zones.

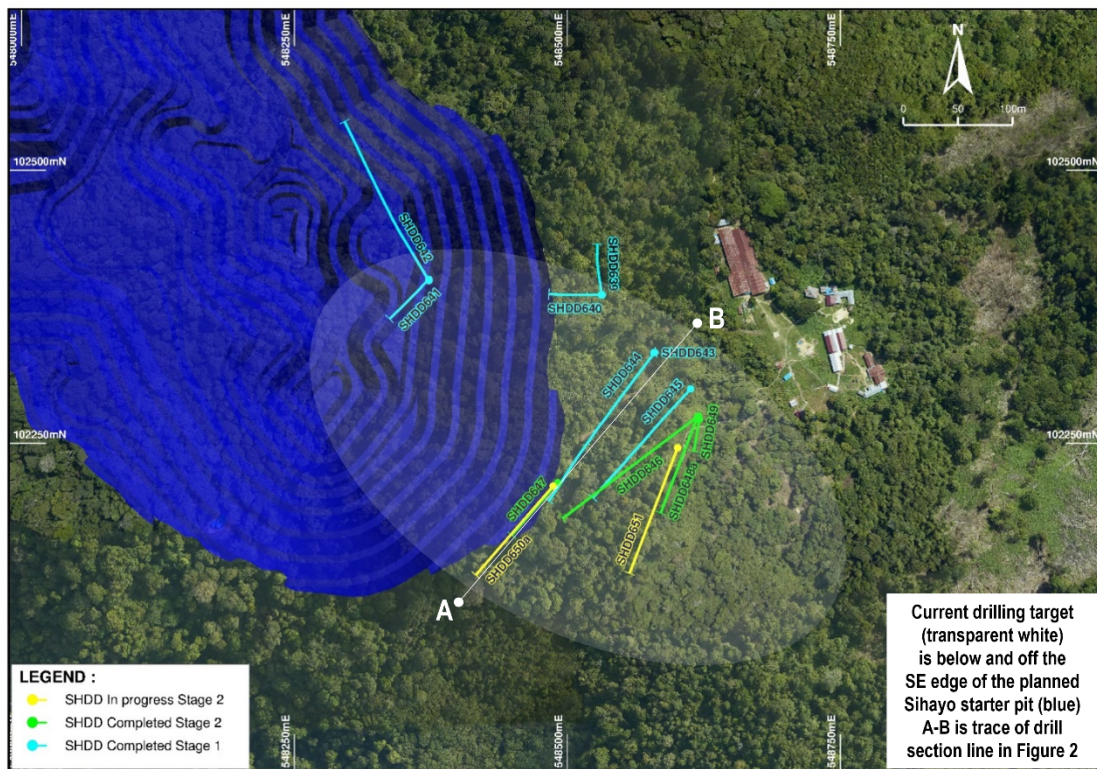
Five drill holes from the first stage returned moderate-high grade gold intercepts in significant thicknesses of jasperoid mineralisation within deeper targeted zones of the Sihayo gold resource and highlighted potential extensions to the deeper high-grade mineralization (refer to SIH:ASX announcement titled “*High-Grade Gold Intercepts from Latest Drilling Program at Sihayo*” on 25 October 2022).

The second stage of drilling is currently operating with two man-portable rigs. A total of four holes (SHDD646 to SHDD649) was completed for 1,415 m during the December quarter (Table 1, Figures 1-2). All four holes intersected encouragingly thick jasperoid mineralisation. Results from these initial four holes are expected to be received and reported in the March 2023 quarter.

Table 1: Stage 2 Sihayo Drilling Program – Drill hole collar details

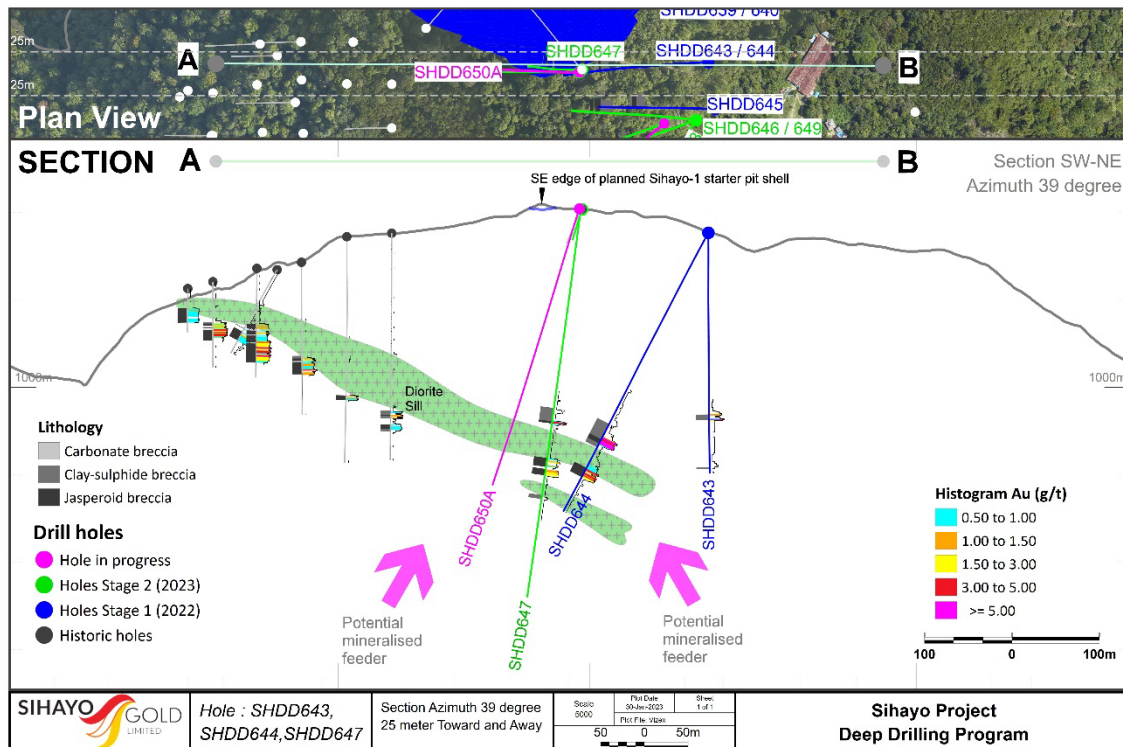
Hole ID	mE	mN	RL	Dip/Az (°)	Depth(m)
SHDD646	548,620	102,275	1167	-64 ⁰ /233 ⁰	355.20m
SHDD647	548,491	102,214	1203	-82 ⁰ /221 ⁰	458.10m
SHDD648a	548,619	102,274	1167	-67 ⁰ /201 ⁰	262.30m
SHDD649	548,621	102,272	1167	-85 ⁰ /190 ⁰	340.10m

Figure 1: Stage 2 Sihayo Drilling Program – Drill hole collar details



Holes SHDD650a and 651 in progress

Figure 2: Stage 2 Sihayo Drilling Program – Simplified Drill Section SHDD647

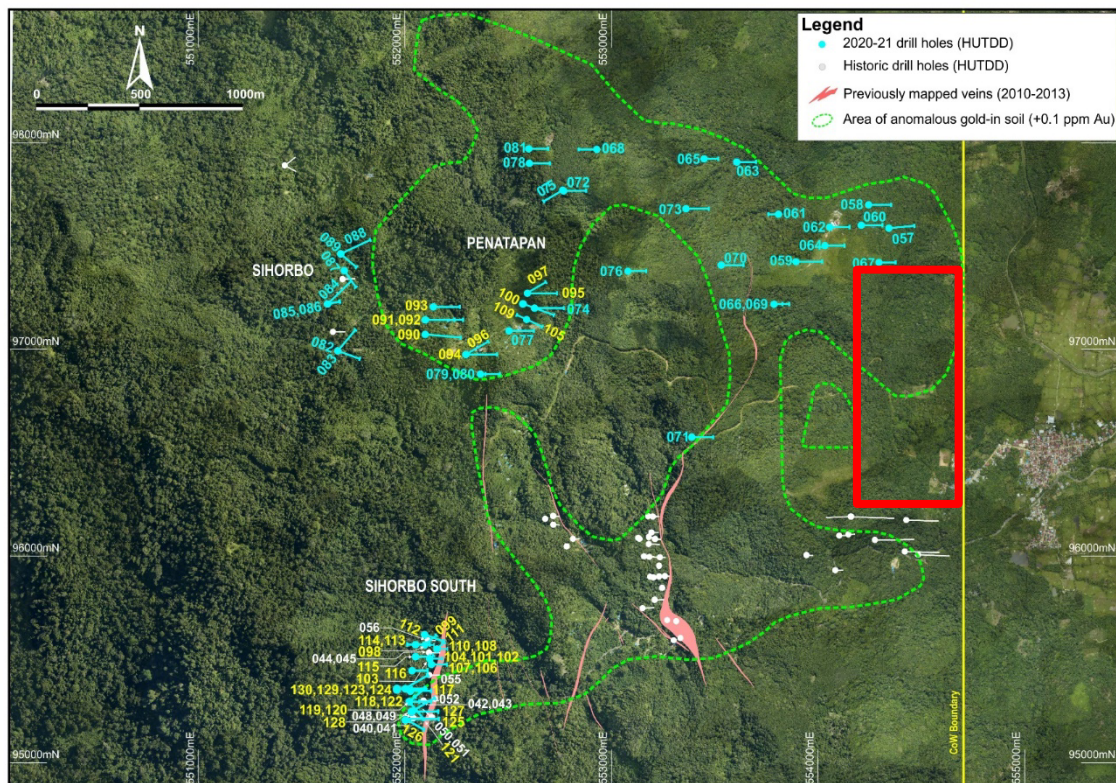


Assay results awaited for holes SHDD646, 647, 648a and 649

Results previously reported for Stage 1 drill hole 645 (refer to September 2022 Quarterly Report)

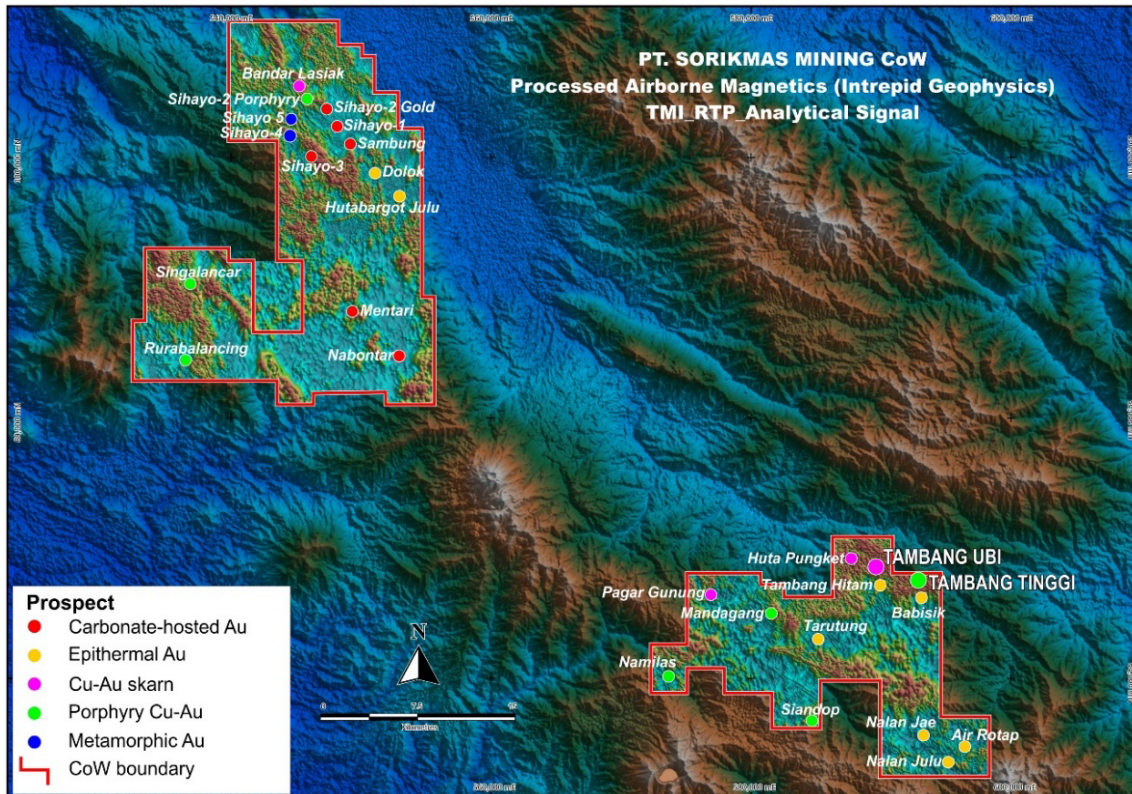
Surface mapping and soil sampling were completed during the quarter over the Galugur-Panas epithermal vein target located on the eastern side of the Hutabargot Julu vein field with the aim of generating additional drilling targets (Figure 3). This work is focusing on potential strike-extensions to this historic vein target that was investigated by the Dutch in the 1930s and subsequently tested with scout diamond drilling by the Company in 2012. A total of 789 m in three holes was completed in 2012 which returned a best mineralised intercept of 5.9 m at 4.12 g/t Au and 6 g/t Ag from 54.3 m down-hole depth in hole HUTDD026 (See SIH:ASX announcement titled “Hutabargot Julu delivers its Maiden Mineral Resource with Sihorbo South – UPDATED” on 7 September 2022; Appendix 1 JORC Code – 2012 Edition, Table 1 – Section 2 Historic Exploration Data). The Galugur-Panas vein target is open along strike to the north and south, and at depth, and is considered to have potential for a shallow gold-silver resource beneath an extensive gold-arsenic anomaly highlighted by historic soil sampling, and which has only been partly tested by previous drilling.

Figure 3: Hutabargot Julu Project – 2022 Soil Sampling (red box outline)



A greenfields discovery program to assess the potential for porphyry copper and epithermal precious metal deposits in the broader CoW was initiated in H2 2020 (Figure 4). Encouraging gold, silver and base metal results from initial prospecting and surface rock sampling at Tambang Ubi, Tambang Tinggi and surrounding prospects within the northeast corner on the South Block of the CoW were released in the December 2021 and March 2022 quarters. Prospecting and sampling have continued over the Tambang Ubi high-grade Cu-Au-bearing wollastonite-garnet-pyroxene skarn target located in the NE corner of the CoW south block. Soil geochemical sampling is planned to be conducted over this target in the March 2023 quarter.

Figure 4: PT Sorikmas Mining CoW showing major prospects including Tambang Ubi



Sihayo Starter Project

High pH Leaching Update

A metallurgical test work program which assessed the impacts of introducing a high pH leaching phase in the processing flow sheet was completed during CY2022. This test work, comprising 72 samples, demonstrated that high pH leaching produced significant uplifts in metallurgical recoveries for the transition and fresh ore at the Sihayo Starter Project. Indications are that overall metallurgical recoveries could be improved from the 71% adopted in the 2022 FSU to recoveries of 80 – 85%.

Since completion of the program, the Company has been assessing the development and operating changes required to incorporate high pH leaching into the Sihayo Starter Project. The metallurgical recovery function was updated during the quarter ended 31 December 2022. This updated function is now being used to re-optimize the Sihayo pit design as well as mining and processing schedules. The Ore Reserves and economic analysis for the Sihayo Starter Project are now being revised, with results expected to be released during the quarter ending 31 March 2023.

Corporate and Finance

Financing

As at 31 December 2022, Sihayo had approximately \$890,000 cash on hand. On 21 October 2022 the Company secured a US\$1.5 million loan from its largest shareholder, Provident Minerals Pte Ltd. This additional funding will be used by the Company to complete study work incorporating the

benefits of the high pH leaching into the design of the Project as well as exploration beneath the proposed Sihayo-1 pit shell and accompanying studies on the potential for underground mining. The Company continues to assess options for further short-term as well as long-term financing.

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 ²
<u>Sihayo Gold Limited, Australia</u>					
Mt Keith	M53/490	11/06/04	10/06/25	589 ha	0 ³
	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 2022.

Description	Fees paid
Payment of fees and consulting fees to Directors	100,699
Payment of office rent and executive assistant services to Colin Moorhead & Associates Pty Ltd (an entity associated with Chairman, C. Moorhead)	8,578
Total	109,277

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

For further information, please contact:

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² Sihayo has an option to increase to 18%

³ Sihayo entitled to a 2% net smelter royalty