Sihayo Pungkut Contract of Work Exploration Review
21st November 2016

In addition to work on the Pungkut feasibility study, Directors have previously advised that an independent review of both near mine and broader geology has been undertaken in order to prioritise the significant exploration potential available to the company.

The review of exploration data collected to date across the Contract of Work (CoW) has been conducted by Simon Meldrum BSc(hons) MSEG MAIG. Simon has broad and varied experience in regional, district and project based exploration, including participation in the discovery and evaluation of large scale porphyry and low and high sulphidation epithermal projects including Batu Hijau (Indonesia), Tolukuma (PNG) and Rio Blanco (Peru).

The review proposes that the two (CoW) blocks denoted as the North and South Blocks potentially contain seven mineral districts.

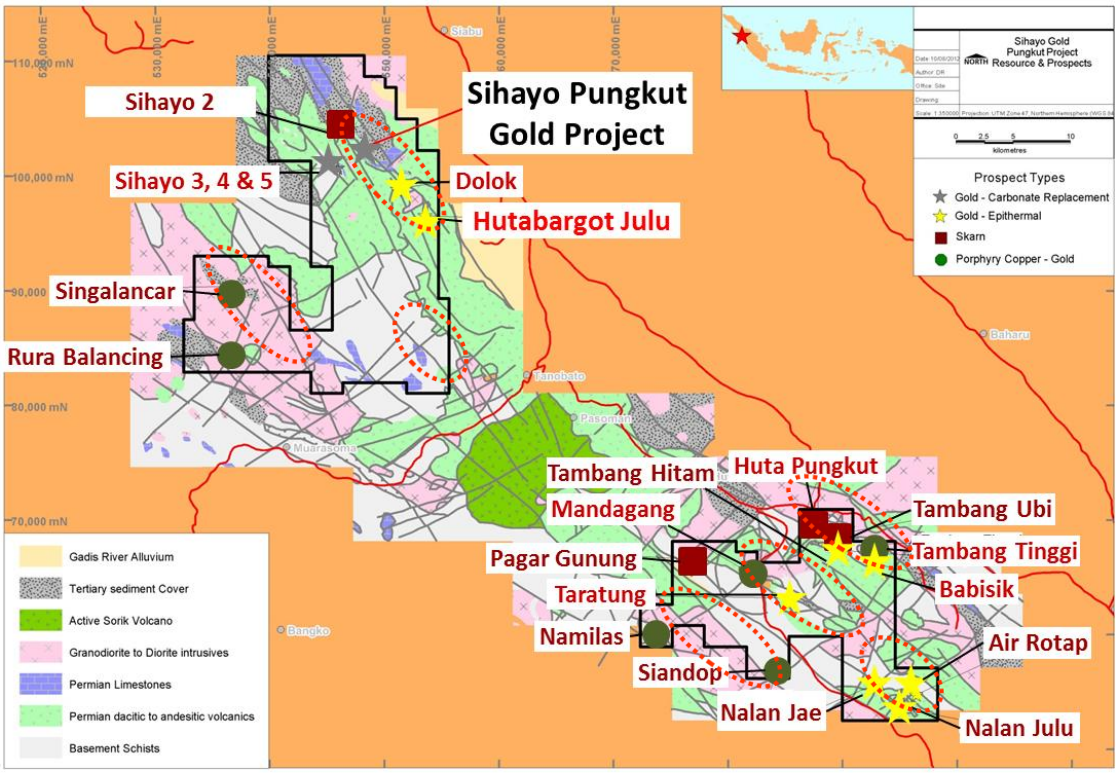

Figure 1: Contract of Work – Exploration Prospects & Potential Mineral Districts

The geochemical data for each district indicates that the alteration and mineralisation development in the districts trended from NW to SE over time, becoming more gold rich in the latter stages.

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Geochemical data collated for the projects also indicate that the geographical distribution of the mineral districts in the region are aligned along three broad spaced NW-SE trending mineralised belts.

These belts are considered to become progressively more gold rich and exhibit stronger epithermal characteristics in a NE direction, perhaps reflecting sequential mineral development along arc parallel structures (in a back arc direction) and along NE trending arc normal faults, refer Figure 2 below.

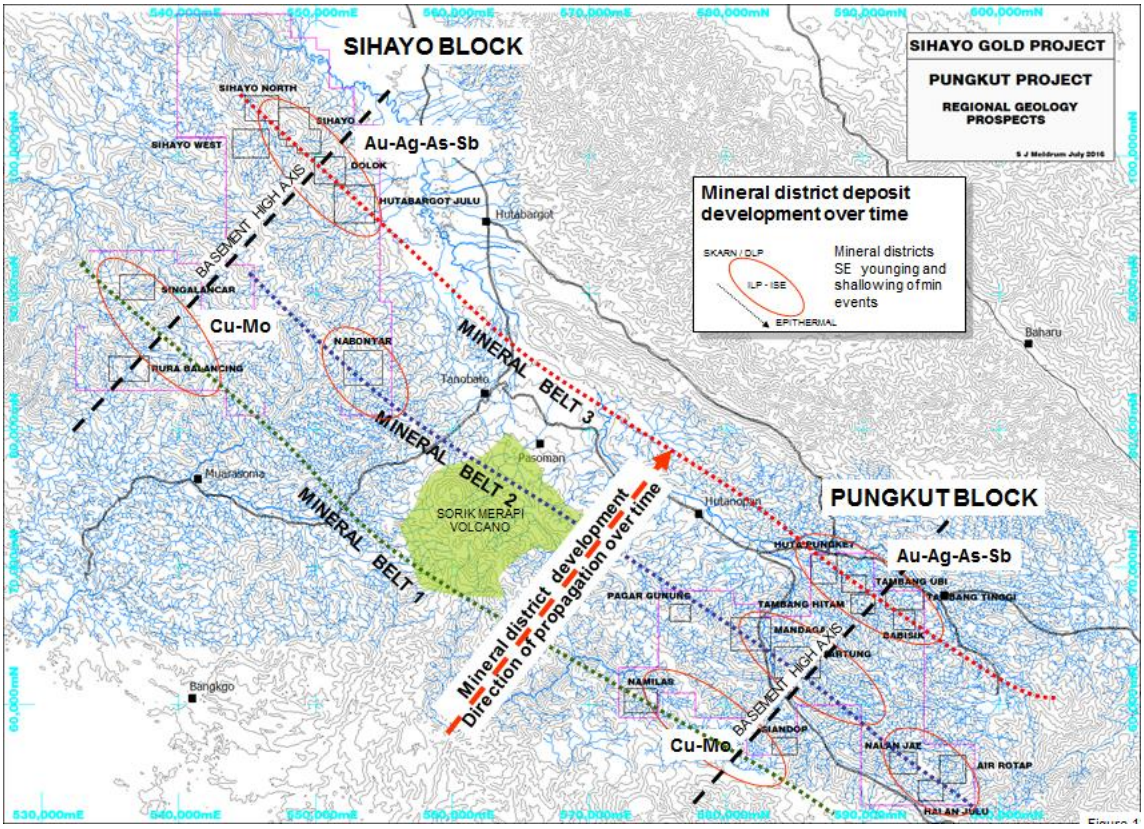

Figure 2: Contract of Work – Proposed Mineral Belts & Potential Mineral Districts

Hutabargot Field Visit

A field visit was conducted with an emphasis on testing the applicability of the mineral district models to the CoW areas and in particular the Hutabargot Julu & Dolok anomalies which the data highlight as an obvious secondary target area for initial consideration. Refer Figure 3.

Simon has noted,

"Consistent and well defined relationships between geochemical and geophysical aspects of the Hutabargot gold target combined with the areas where informal gold mining activity has and is currently active, suggests clear scope for a large scale gold target."

"The mineral district perspective proposed appears to be valid, highlighting the Hutabargot prospect area as the location where sulphur complex metal transport and concentration mechanisms changed to chloride complex fluid conditions coincident with stronger gold-silver grade development at a late stage in the Sihayo-Hutabargot mineral district's development." Refer Figure 4

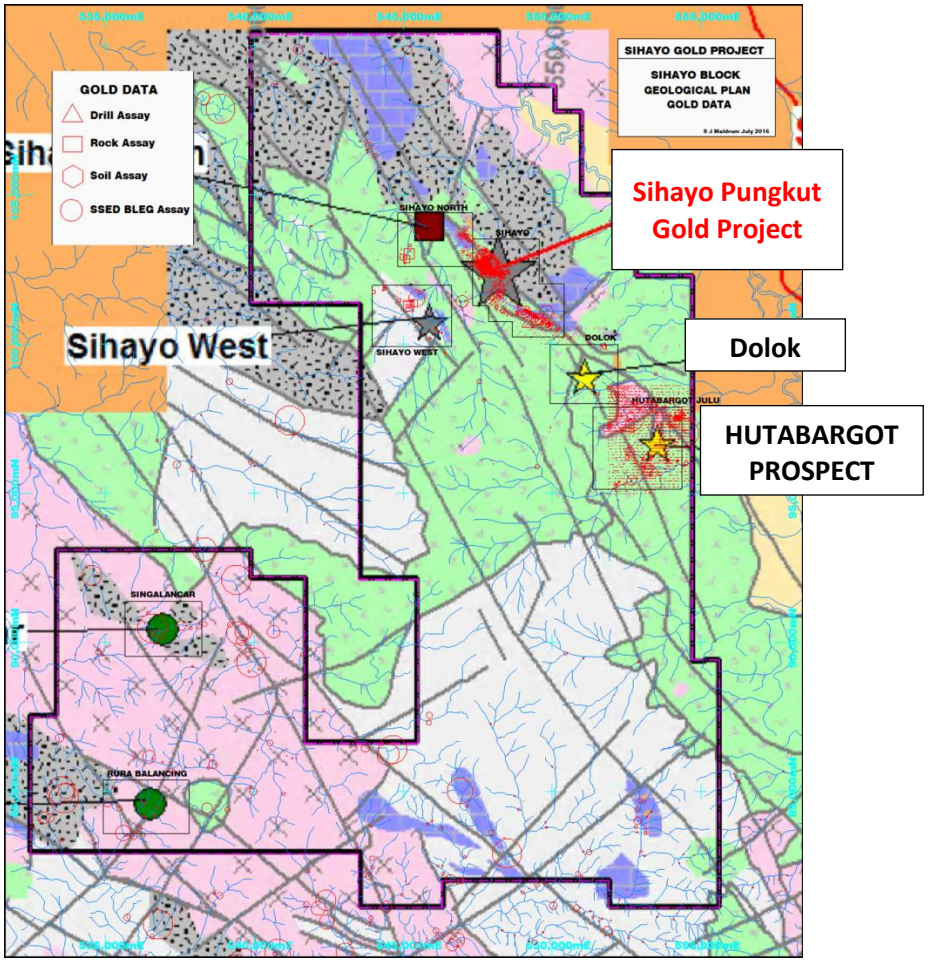

Figure 3: Hutabargot & Dolok Prospects Location Plan

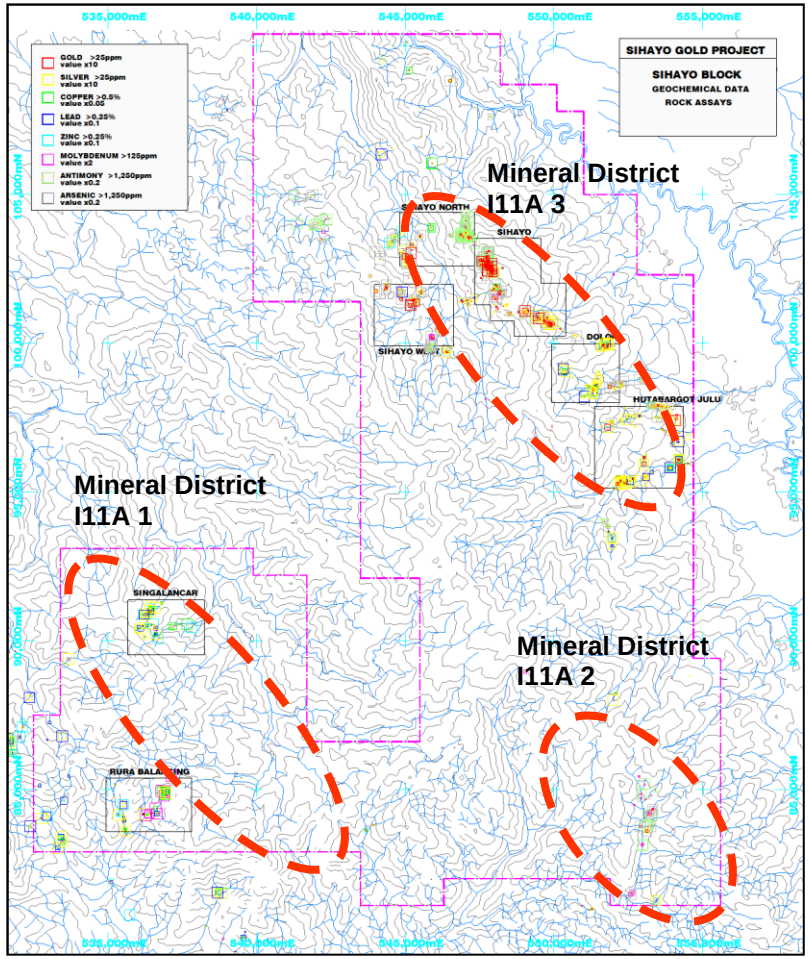

Figure 4: Proposed Mineral Districts & Geochemical Data

Hutabargot Background

Most recent exploration drilling activity in the Hutabargot area saw the completion of 15 holes that were concluded in 2013. The drilling location is indicated by Figure 5 below, and previously reported by the Company on 23 February 2013.

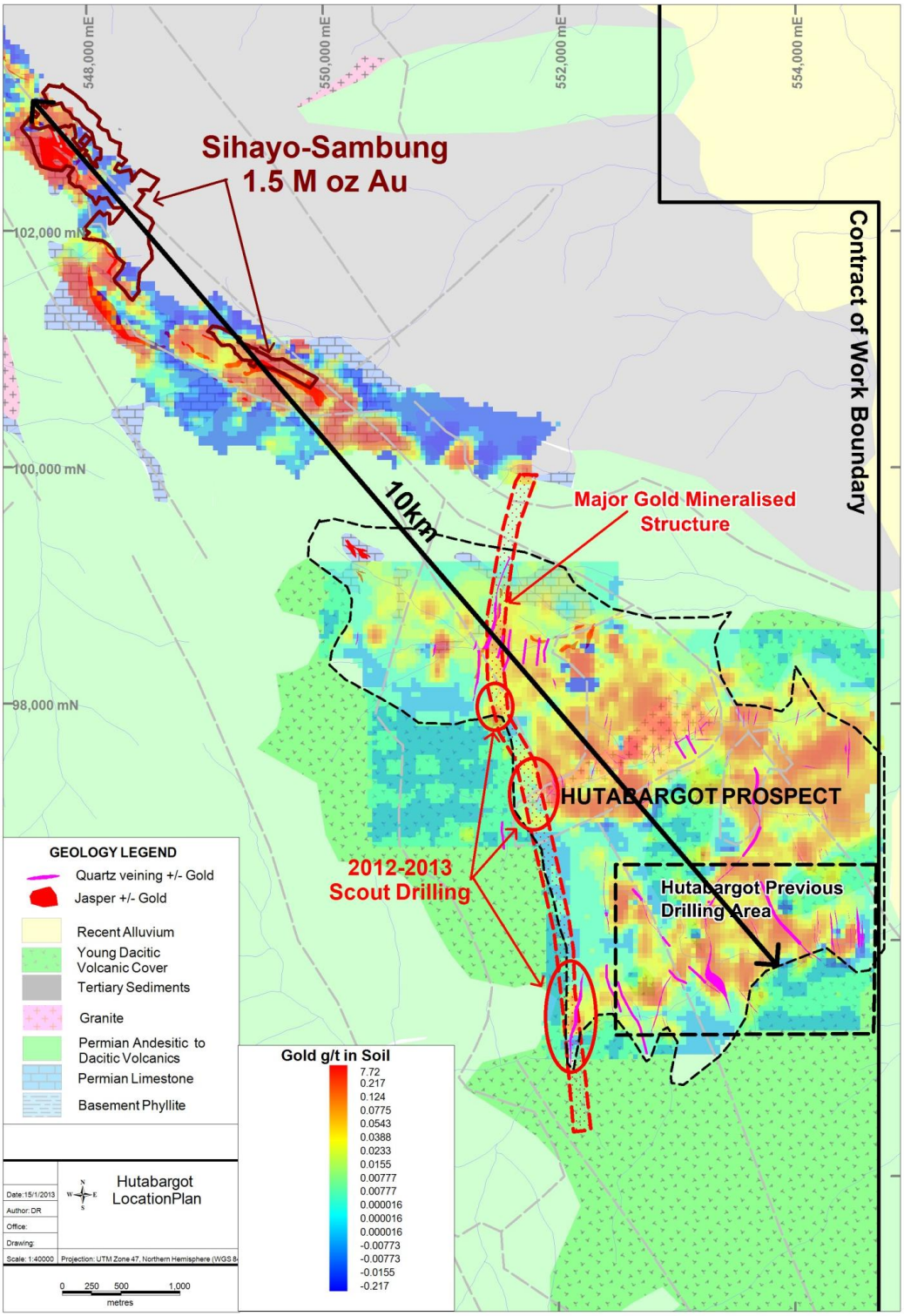

Figure 5: Hutabargot Julu 2012-2013 Drilling Location Plan (previously reported 23/2/2103)

The 2012-2013 drilling targeted near a major North-South dislocation structure hosting high grade gold- silver mineralisation that was identified in Western Hutabargot in the areas indicated by Figure 6. In addition, a summary of drill results previously reported on 23 February 2013 is provided below as Figure 7.

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.

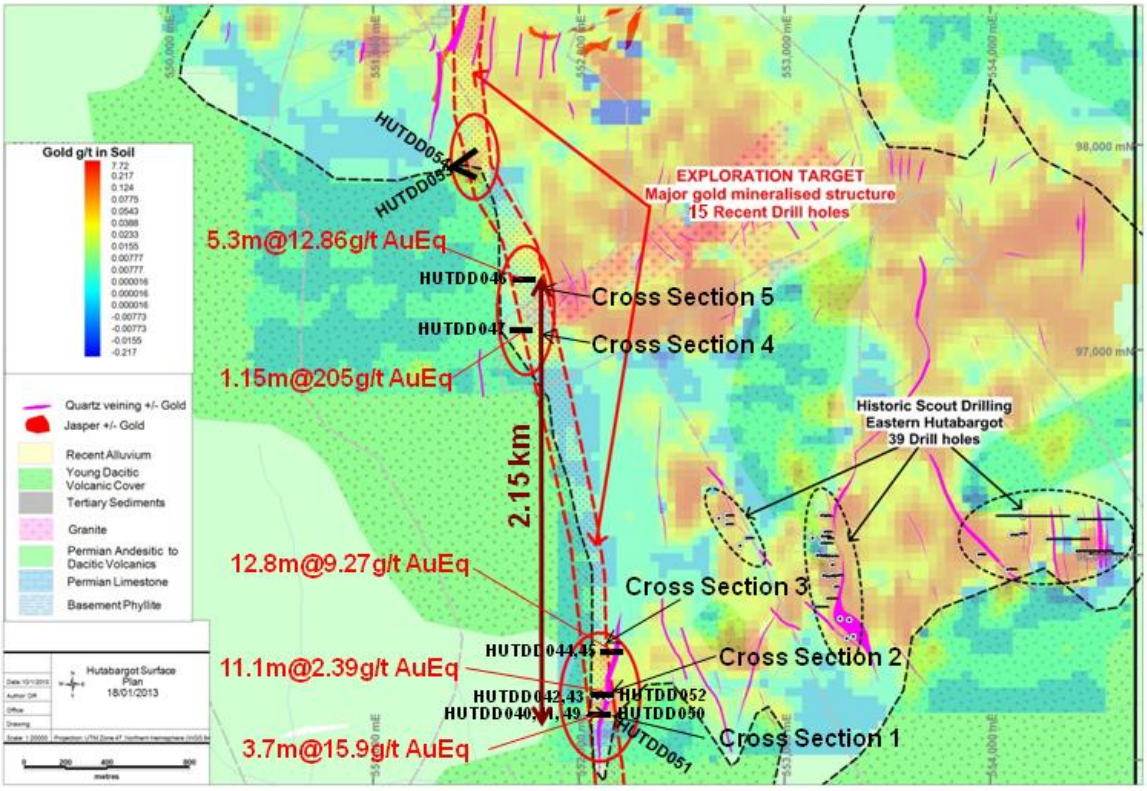

Figure 6: Hutabargot Julu Drill hole and cross section locations (previously reported 23/2/2013).

Note: Most significant gold intercept shown in plan view per cross section drilled

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 (~$1,600USD per ounce).

Hole	From (m)	Length (m)	Au g/t	Ag g/t	Au Eq g/t
HUTDD040	**55.4**	**3.7**	**15.45**	**23**	**15.9**
HUTDD040	98.2	4.3	1.39	170	4.8
HUTDD042	51.0	11.1	1.79	30	2.4
HUTDD044	**33.4**	**7.7**	**1.65**	**310**	**7.9**
HUTDD045	**46.9**	**12.8**	**1.67**	**380**	**9.3**
HUTDD046	**56.2**	**5.3**	**12.48**	**19**	**12.9**
HUTDD047	**83.4**	**1.2**	**204.00**	**63**	**205.3**
HUTDD050	2.6	5.6	1.86	18	2.2
HUTDD050	14.6	6.6	1.42	53	2.5
HUTDD051	1.8	8.9	2.75	16	3.1
HUTDD051	**13.6**	**8.0**	**3.59**	**18**	**4.0**
HUTDD051	25.5	13.5	1.06	29	1.6
HUTDD052	**27.7**	**3.0**	**2.86**	**196**	**6.8**
HUTDD052	**35.2**	**9.8**	**2.61**	**139**	**5.4**

Figure 7: Hutabargot 2012-2013 Summary Drill results (previously reported 23/2/2106)

Conclusion & Recommendations – Simon Meldrum

Figure 8 depicts the 100ppb gold 'in soil' anomaly rimming an inferred intrusive centre, highlights elevated Cu to the north and south of N-E trending deposit controlling structures and bound to the west by a NNW trending fault structure.

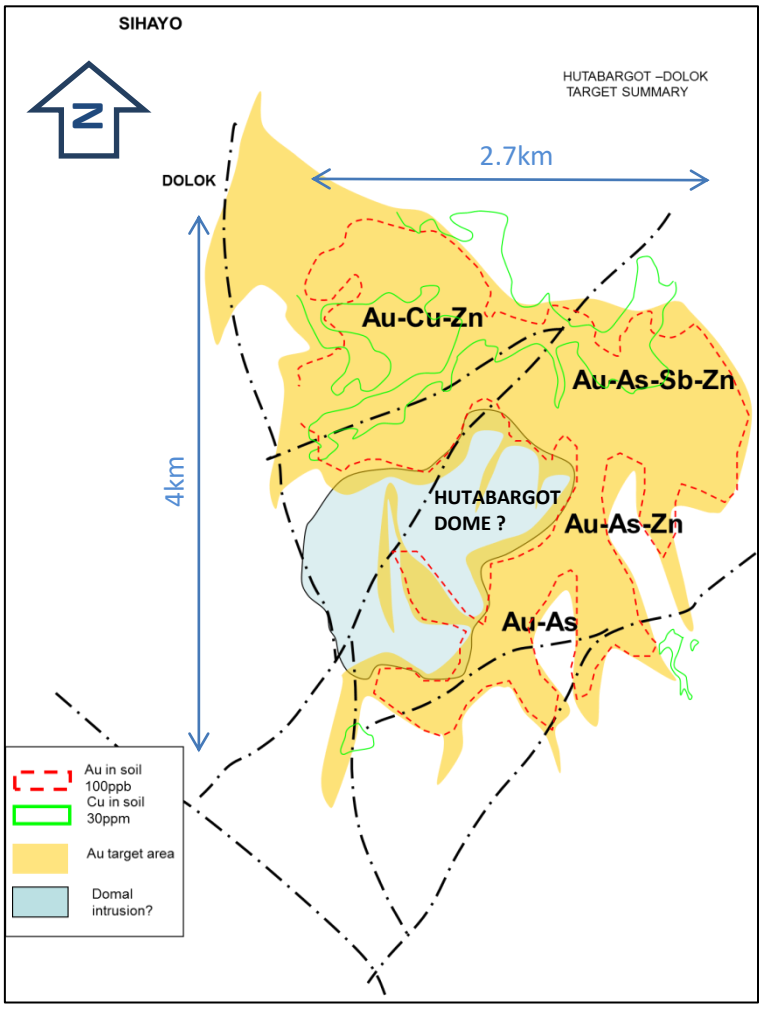

Figure 8: Hutabargot Prospect – Au Target Area (Meldrum)

Simon concludes that,

"It is not difficult to envisage a +1MOz gold system at Hutabargot, where a partially eroded multi-mineralisation event gold zone developed over a +4km x +2km target area and where a vertical component of +400m is indicated by the IP data."

"Realising the potential of this system will require detailed geological mapping, further rock chip sampling and extension of the soil grid across the Dolok target area and a complete survey of all informal mining activity in the area prior to any consideration of scout drill testing."

Directors believe the report and findings by Simon support the highly prospective nature of the Hutabargot area, indicating the presence of a potentially large gold target opportunity.

Work has commenced to progress the recommendations provided by Simon.

Further updates will be provided as required.

Yours faithfully,

SIHAYO GOLD LIMITED

Stuart Gula
Managing Director
21st November 2016

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.