

Quarterly Activities Report

For the three months ended 31 March 2022

Summary

During the quarter the Company continued safe project and exploration operations effectively managing pandemic related risks and restrictions.

The Company's priorities for the quarter were the continued exploration program at Hutabargot Julu and the delivery of the Feasibility Study Update ("2022 FSU") for the Sihayo Starter Project.

At Hutabargot Julu, the Company completed a drilling program on the Sihorbo South target. A total of 2,894.7 metres in 13 holes (HUTDD118 to HUTDD130) was drilled during the quarter. The Company released results for holes HUTDD118 to HUTDD121 on 23 March 2022 in the announcement titled "*Sihorbo South continues to grow on latest results*".

Additional encouraging results were received from prospecting and surface sampling at Tambang Tinggi and surrounding prospects within the northeast corner on the South Block of the Contract of Work (CoW). On 6 April 2022, the Company released results in the announcement titled "*Encouraging surface sample results from Tambang Tinggi*".

On 17 February 2022 the Company announced the results of the 2022 FSU for the Sihayo Starter Project. The 2022 FSU provided an updated project design and economics and was the culmination of the Company's extensive optimisation studies undertaken during 2021. Updates to the mine plan, Ore Reserve estimate, site layout and infrastructure designs as well as operating and capital costs have provided a technically robust and de-risked development pathway for the project.

The 2022 FSU also identified near term upside opportunities to significantly enhance the economics of the Sihayo Starter Project. The Company's near-term focus has been on further metallurgical test work to support the use of high pH (caustic) pre-leaching, which has the potential to significantly improve processing recoveries for the project and potentially unlocking mineralisation previously considered uneconomic, including the refractory mineralisation beneath the proposed Sihayo-1 pit. Metallurgical test work continues, and the Company is due to commence a drilling program to test targets beneath the Sihayo-1 pit in early May 2022.

The Company also announced the commencement of a Strategic Review process on 17 February 2022 with the aim of introducing a funding partner for the Sihayo Starter Project or delivering a transaction to maximise value for shareholders.

On 26 April 2022, the Company announced a four for five Entitlement Offer at \$0.004 per share to raise up to \$11,793,477. Funds from the raising will be used to repay existing shareholder loans, complete drilling programs at Sihorbo South and Sihayo Underground, continue permitting activities and provide general working capital for the Company.

Sihayo Gold Limited

ASX code: SIH

3,685,461,421 shares
AUD 0.3 cents per share
AUD 11.1 m market cap

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. **Hutabargot Julu** – Exploration drilling continued with a primary focus on the Sihorbo South epithermal vein target (Figure 1):
 - i. Completed drilling an additional 13 holes (HUTDD118-130) for 2,894.7 m at **Sihorbo South** during the quarter.
 - ii. Assay results were received for holes HUTDD118 to HUTDD121 during the quarter, returning multiple low-to-high grade silver-gold intercepts well below the existing local mine workings and demonstrating potential for high-grade ore shoots along a large mineralized epithermal vein system. Assay results for the remaining holes, HUTDD122 to HUTDD130, are expected to be received and reported in the next quarter.
 - iii. Resource modelling is underway on **Sihorbo South** targeting a maiden Mineral Resource estimate for release in the next quarter.
- b. **Sihayo** – Field preparations are in progress ahead of a 2,000 metre / six-hole drilling program to test for deeper high-grade gold resource extensions and structural feeder zones beneath the Sihayo-1 starter pit (Figure 2). Drilling is planned to commence in the next quarter.
- c. **Target Generation** – Additional encouraging results were received from prospecting and surface sampling at Tambang Tinggi and surrounding prospects within the northeast corner on the South Block of the CoW (Figure 3). Highly anomalous gold, silver and base metal results were returned from grab samples of discarded local mining material and local mine exposures.

2. Sihayo Starter Project

- a. The Feasibility Study Update was completed in February 2022, providing a technically robust development pathway for the Sihayo Starter Project
- b. Further results of the high pH pre-leaching metallurgical test work were received and continue to support the potential for increased recoveries on transitional and fresh ore
- c. Concept studies were initiated for Sihayo Underground and Sihorbo South opportunities

3. Corporate

- a. The company had approximately \$429,000 cash on hand as at 31 March 2022
- b. Additional working capital loans were provided by key shareholders to support continued exploration and evaluation activities during the quarter
- c. On 26 April 2022, the Company announced a four for five Entitlement Offer to raise up to \$11,793,477
- d. A Strategic Review Process commenced with an objective of securing a long-term funding partner for the development of the Sihayo Starter Project or to maximise value for Sihayo's shareholders

March 2022 Quarter Overview

Friday, 29 April 2022 – The Company is pleased to report on its activities for the three months to 31 March 2021.

Health, Safety & Environment

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 24-hour quarantining at the project site prior to recommencing work as well as a strict regime of COVID-19 workplace protocols and established standard operating procedures 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. Total Recordable Injury Frequency Rate (TRIFR) of 0.00 for the nine months to the end of the March quarter for FY2022.

Community

Community support initiatives in response to COVID-19 continued during the quarter. These initiatives included the distribution of masks, sanitizers and food to communities within the general area of the Sihayo Project, and coordination with Mandailing Natal Health Office regarding the socialisation of the regional COVID-19 prevention plan.

Socialisation of the Company's exploration and development activities with the local community and government stakeholders continued during the quarter. The Company continues to build on its social license to operate in the district.

Exploration

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

Exploration drilling was ongoing at the Hutabargot Julu prospect, with a specific focus now on the Sihorbo South target. During the quarter a total of 13 core holes (HUTDD118-130) were drilled at Sihorbo South for 2,321.3 m, bringing the total drilling completed here since September 2021 to 5,216 m in 30 holes.

Assay results were received for holes HUTDD118 to HUTDD121. The Company released these results on 23 March 2022 in the announcement titled "*Sihorbo South continues to grow on latest results*". Results to-date demonstrate that Sihorbo South is an intermediate-sulphidation epithermal vein and disseminated stockwork deposit that contains significant gold and silver grades and continues to show potential for high-grade ore shoots along a large mineralised epithermal vein system. This epithermal target has been drill tested over approximately 400 metres strike length and to between 100-200 metres down-dip. Resource modelling of Sihorbo South has commenced targeting a maiden Mineral Resource estimate in the current quarter, which will be assessed at a concept study level for incorporation into the Sihayo Starter Project as a satellite operation.

Field preparations, including access and drill pad construction, for a drilling program at Sihayo were completed during the quarter. A 2,000 metre / six-hole drilling program is planned to test for open high-grade mineralised depth extensions and potentially high-grade structural feeder zones that may increase the gold-jasperoid resource located beneath the Sihayo-1 starter pit. This program will commence in the next quarter and is part of the Company's plan to expedite the high pH (caustic) pre-leaching opportunity and underground exploration targets at Sihayo. These have the potential to significantly enhance the economics of the Sihayo Starter Project (See announcement titled "*Project Update and Launch of Strategic Review Process*" on 17 February 2022).

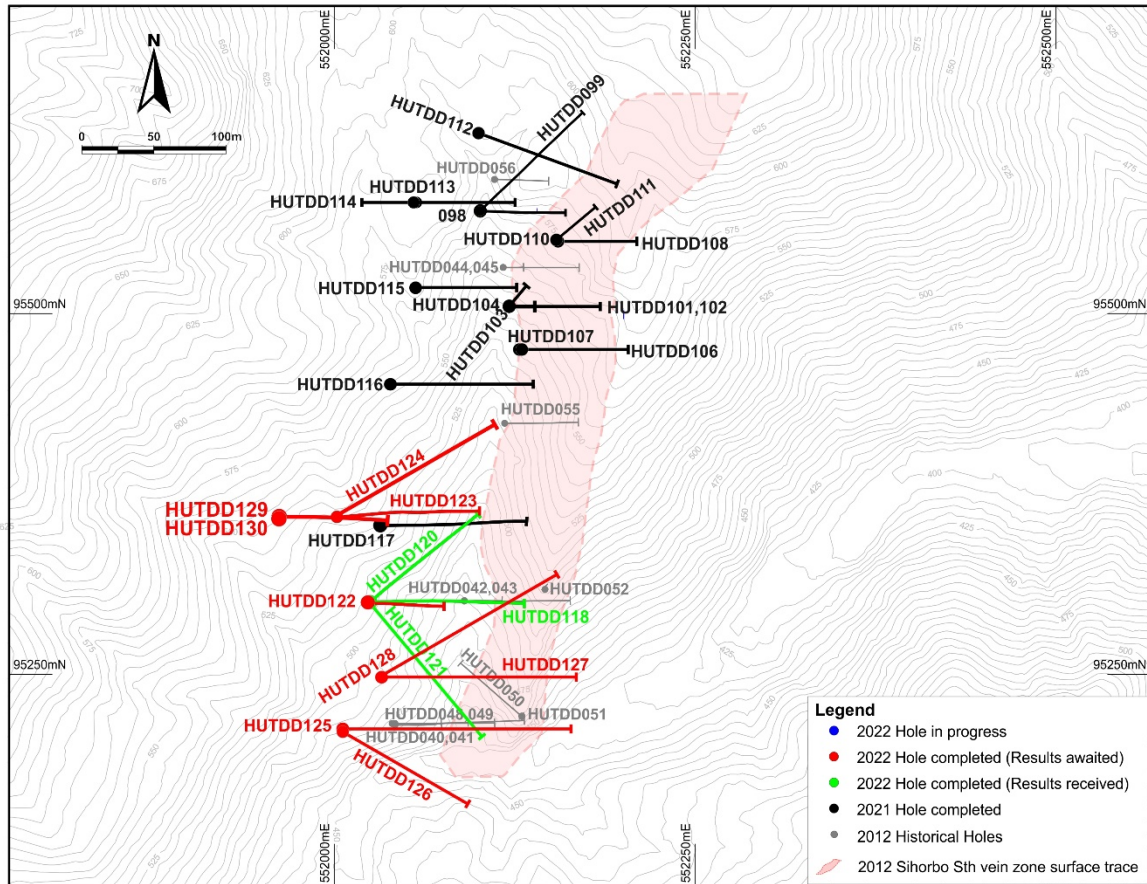


Figure 1: Sihorbo South Target – Drill Hole Location Plan

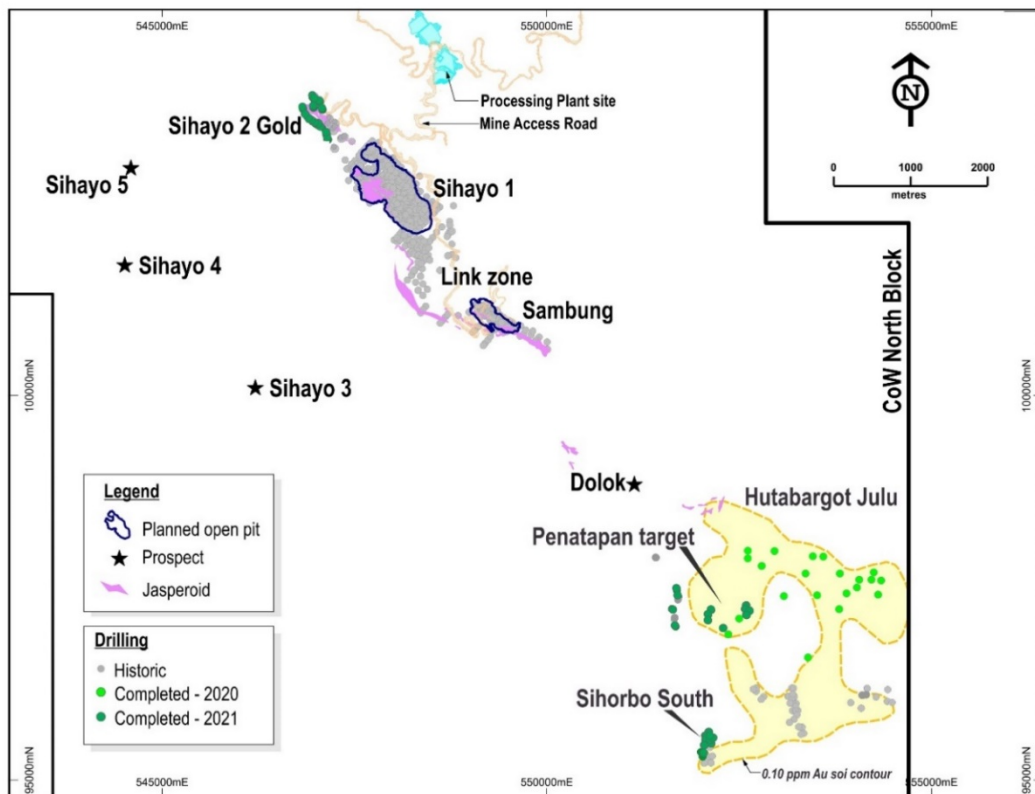


Figure 2: Sihayo Gold Belt – Major Prospect Locations

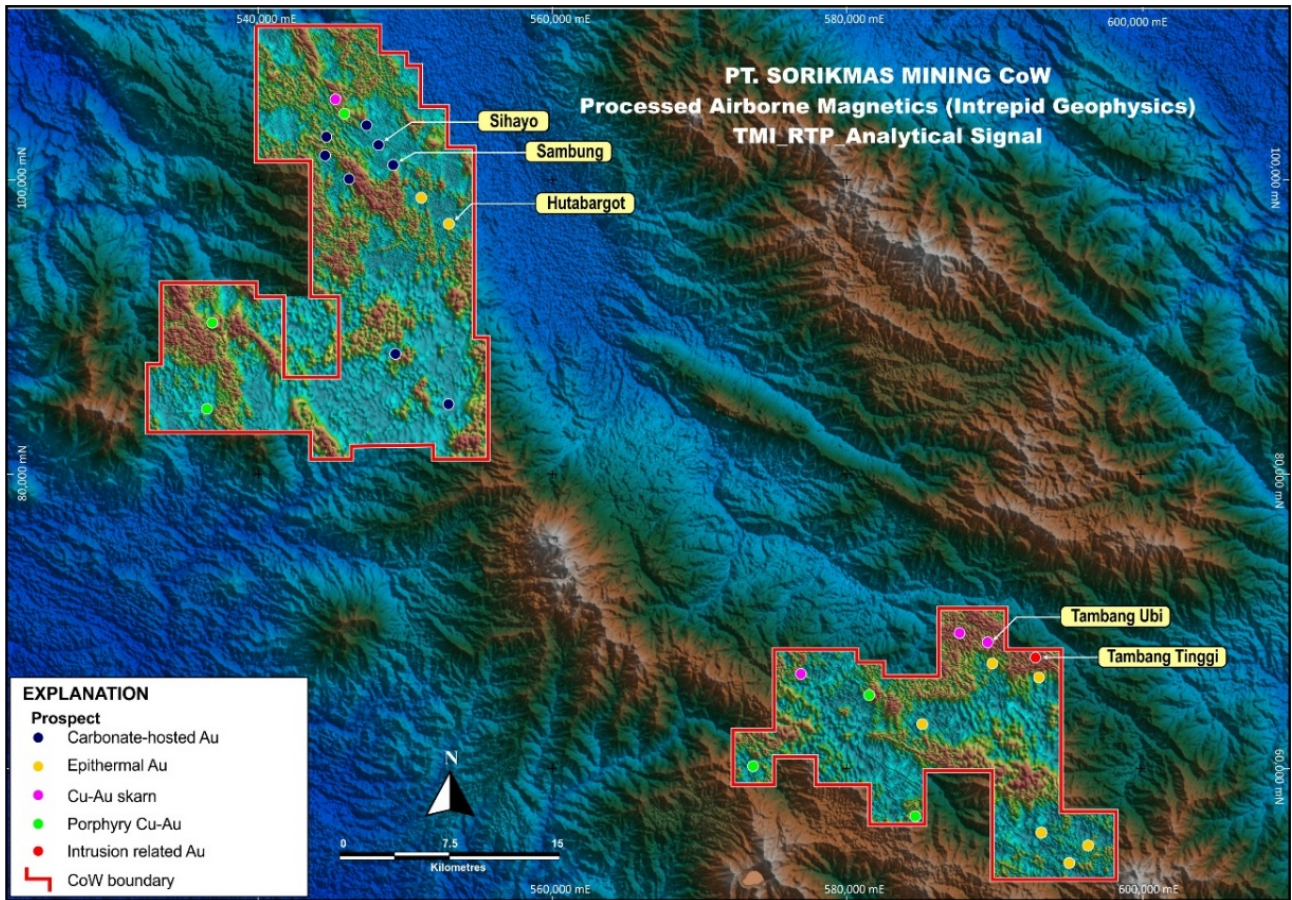


Figure 3: PT Sorikmas Mining CoW – Major Prospect Locations

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. The first stage of this work involved reprocessing and imaging of historic airborne magnetics and radiometrics data and was completed in late 2020. The second stage of work involving the application of geophysical “worming” software applied to the airborne magnetics data acquired over the project area and publicly available gravity data over the surrounding region was completed during the quarter. This work has assisted in better understanding the structural geometry of CoW area and allows for a better informed and more confident assessment of mineralisation potential and generation of targets within the CoW. Additional encouraging results were received during the quarter from prospecting and surface sampling at Tambang Tinggi and surrounding prospects within the northeast corner on the South Block of the CoW. Highly anomalous gold, silver and base metal results have been returned from grab samples of discarded local mining material and local mine exposures. The Company released results of this program on 6 April 2022 in the announcement titled “*Encouraging surface sample results from Tambang Tinggi*”.

Sihayo Starter Project

Project Studies

The Company announced the results of the 2022 FSU on 17 February 2022 (refer to ASX announcement titled “*Project Update and Launch of Strategic Review Process*”). The 2022 FSU followed a series of project optimisation studies conducted over 2021 culminating in:

- Updated mine plans and Ore Reserves estimates
- Updated site layout and infrastructure design
- Updated operating and capital costs

The 2022 FSU provides a technically robust development pathway for the Sihayo Starter Project. During the course of the optimisation studies, the Company identified areas to increase project value in the near and long term. Of significance has been the potential for high pH (caustic) leaching to increase metallurgical recoveries in transitional and fresh ores (refer to ASX announcement “*Significant Results from High pH Leaching Test Work*” on 31 January 2022). This has the potential to materially impact gold production through higher recoveries. It also potentially unlocks mineralisation that, to date, has been considered uneconomic due to low recoveries. Much of this mineralisation is located below the Sihayo-1 pit. The Company is therefore planning to conduct further exploration drilling below the proposed Sihayo-1 pit and has commenced some initial mining concept studies to assess the potential for including this mineralisation in the project’s mine plan. Given the Sihayo Starter Project’s economics are highly leveraged to additional gold production, this has the potential to significantly increase the value of the Sihayo Starter Project.

Further metallurgical test work has commenced to verify the initial test work on the caustic leaching opportunity and to optimise pre-leach conditions with respect to pH levels, leach time and reagent consumption.

Permitting

The Company is currently preparing its submission for the AMDAL (environmental permit). Knight Piésold has completed the Tailings Storage Facility (“TSF”) design which will be used to progress the TSF permitting with the Indonesian Dam Safety Committee. The IPPKH Operation (Forestry Permit) will be progressed once the Company has received approval for its AMDAL.

Corporate and Finance

Financing

The Company continued to fund its ongoing exploration and evaluation work through shareholder loans. During the quarter, the Company drew down on an additional \$1,796,000 million in working capital loans from key shareholders. As at 31 March 2022, the outstanding balance of shareholder loans was approximately \$3,450,000. Subsequent to the end of the quarter, the Company drew down a further US\$600,000 (approximately \$800,000) shareholder loan.

On 26 April 2022, the Company announced a four for five Entitlement Offer at \$0.004 per share, to raise a maximum of \$11,793,477. The Entitlement Offer is underwritten to \$9,666,667 by six of the Company’s top shareholders. Proceeds of the raise will be used to fully repay the outstanding shareholder loans, fund exploration programs at Hutabargot Julu and Sihayo, continue permitting activities for the Sihayo Starter Project and provide general working capital for the Company. The Entitlement Offer is expected to complete on 23 May 2022.

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 ¹
<u>Sihayo Gold Limited, Australia</u>					
Mt Keith	M53/490	11/06/04	10/06/25	589 ha	0 ²
	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 March 2022.

Description	Fees paid
Payment of fees and consulting fees to Directors	88,970
Payment of office rent to Colin Moorhead & Associates Pty Ltd (an entity associated with Chairman, C. Moorhead)	25,759
Payment of fees in relation to consulting services provided by an associate of Colin Moorhead & Associates (an entity associated with Chairman, C. Moorhead) for work on Environmental, Social and Governance advice	5,566
Total	120,295

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

For further information, please contact:

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¹ Sihayo has an option to increase to 18%

² Sihayo entitled to a 2% net smelter royalty

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