



QUARTERLY REPORT 3 months ending 30th June 2016

REVIEW OF OPERATIONS

1. Corporate

The Company announced a fully underwritten \$4.5m Non Renounceable Entitlement Issue on 9 June 16. The purpose of the issue was to repay existing debt, fund a Feasibility Study optimisation and provide for working capital.

The issue closed on 29 June raising \$0.88m. The company is now working on allocating the shortfall before placing the balance with the underwriter.

2. Sihayo Pungkut Gold Project

The Sihayo Pungkut Gold Project is located within a Generation VII Contract of Work (CoW) located in Northern Sumatra Indonesia, as per Figure 1 below.

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).

The Project has Mineral Resources of Measured, Indicated and Inferred containing 1.4M gold ounces¹ reported in accordance with JORC 2012 within which is contained a combined Proved and Probable Ore Reserve of 554,000 gold ounces².

The Company continues to work toward completion of Statutory permitting & approvals as well as investigation of opportunities to further optimise the results of the feasibility study announced in relation to the Sihayo Pungkut Gold Project ("the Project") on 29 January 2014.

¹ No new information has been included since the information was released in an announcement on 17/06/2013

² No new information has been included since the information was released in an announcement on 29/01/2014

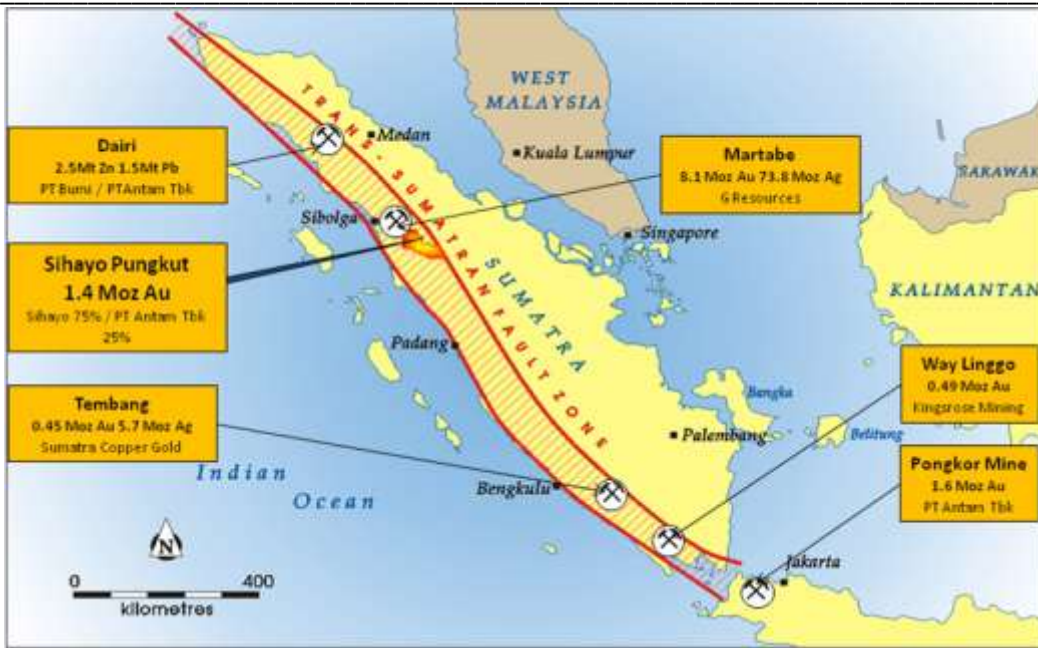


Figure 1: Significant Indonesian mineral deposits including the Sihayo Pungkut Gold Deposit

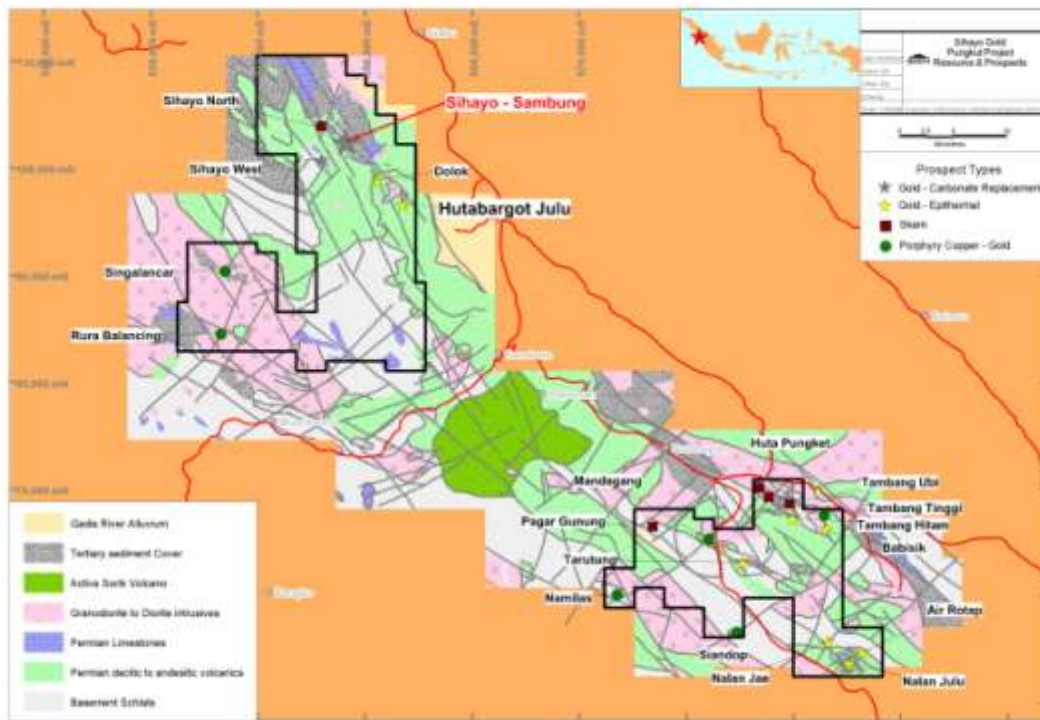


Figure 2: Sihayo Pungkut Gold Project – CoW Boundary, Project Location & Key Prospects

Permitting and Approvals

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

- A Government of Indonesia Feasibility Study was submitted during February 2014 comprising technical and financial information in support of the project.

The Company announced receipt of 'initial' approval of this submission on 24 September 2014.

- The AMDAL assessment is used by the Ministry of Environment (KLH) as an instrument for supervision over the project and regional development in the area of the operation.

The Company announced receipt of approval from the Department of Environment (KLH) and Minister of Environment for the Analisis Mengenai Dampak Lingkungan Hidup (AMDAL) and Environment Permit on 1 December 2015.

- 'Final' approval of the Feasibility Study and issuance of a Construction Permit will now be a priority.
- Work has been initiated on the Forestry or 'Borrow and Use' (Pinjam Pakai) permitting from the Forestry Department.

Feasibility Study Optimisation

With the passage of time since the completion of the Feasibility Study in January 2014 and the recent improvement in the gold price the Company believes there are a number of opportunities to optimise the project financial returns which warrant further investigation.

The Company has also held preliminary discussions with a large EPCM company looking to expand its area of operations to include Indonesia. Whilst discussions are still at a very embryonic stage and there is no certainty of progression beyond this stage, this company has raised the possibility of providing a high proportion of the financing required to construct the project. Potential availability of such project financing is an additional incentive to re-evaluate and optimise the assumptions in the original Feasibility Study, especially providing the opportunity to increase the throughput of the mill and plant. The re-evaluation/optimisation work would focus on:

a) Power Supply

Our discussions with the local and regional power supply regulator indicate progress is being made to increase the grid power generating capacity in North Sumatra. Some preliminary site investigation work is required into the potential sizing, location and layout of infrastructure that may be required to provide grid power to the project. If grid power were to become available, the overall power cost of the project may be materially reduced.

b) Metallurgical Recovery

The Company is to undertake an investigation into alternative treatment strategies associated with near surface (regolith) ores and geo-metallurgy to understand opportunities to improve project economics.

c) Construction Capital and Consumables Prices

The Company has been able to study the construction costs and operating costs of two other gold projects under construction and recently commissioned in Indonesia. The Company would like to take the insights gained from studying these projects and apply them to the Sihayo/Sambung project.

There has also been a material and sustained reduction in the price of diesel fuel and other consumables since the completion of the Feasibility Study. The Company would like to perform a detailed analysis of these lower prices to determine the overall impact on the Feasibility Study.

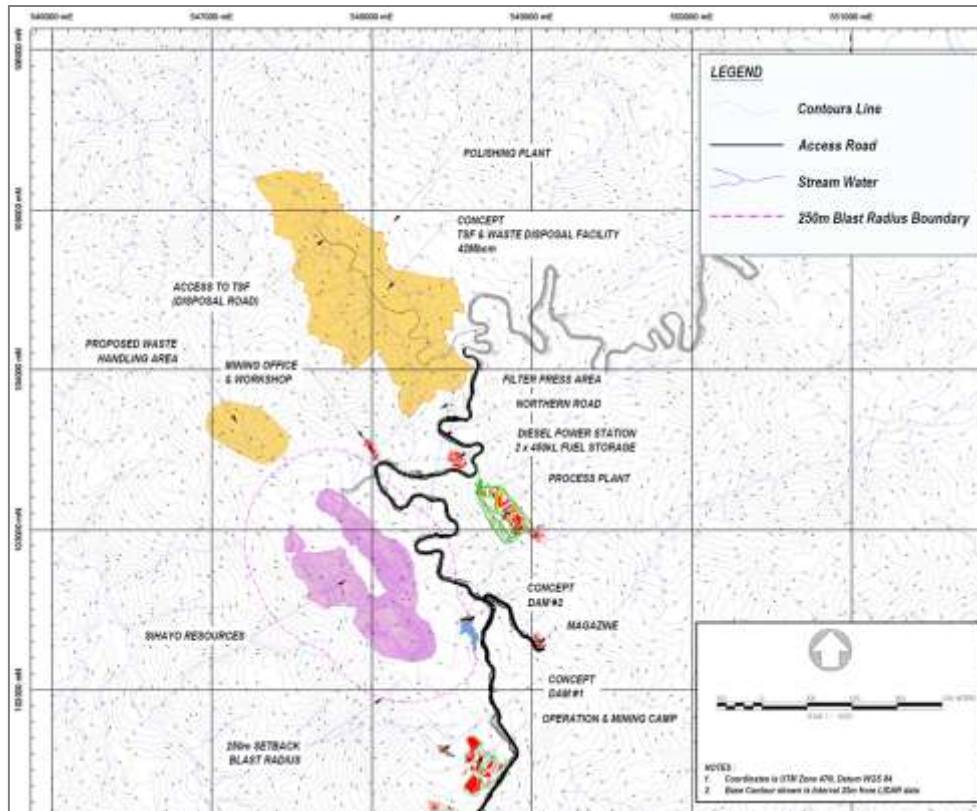


Figure 3: Project Site Area

Updates will be provided in due course as sufficient information comes to hand.

3. Hutabargot Prospect

No activity to report

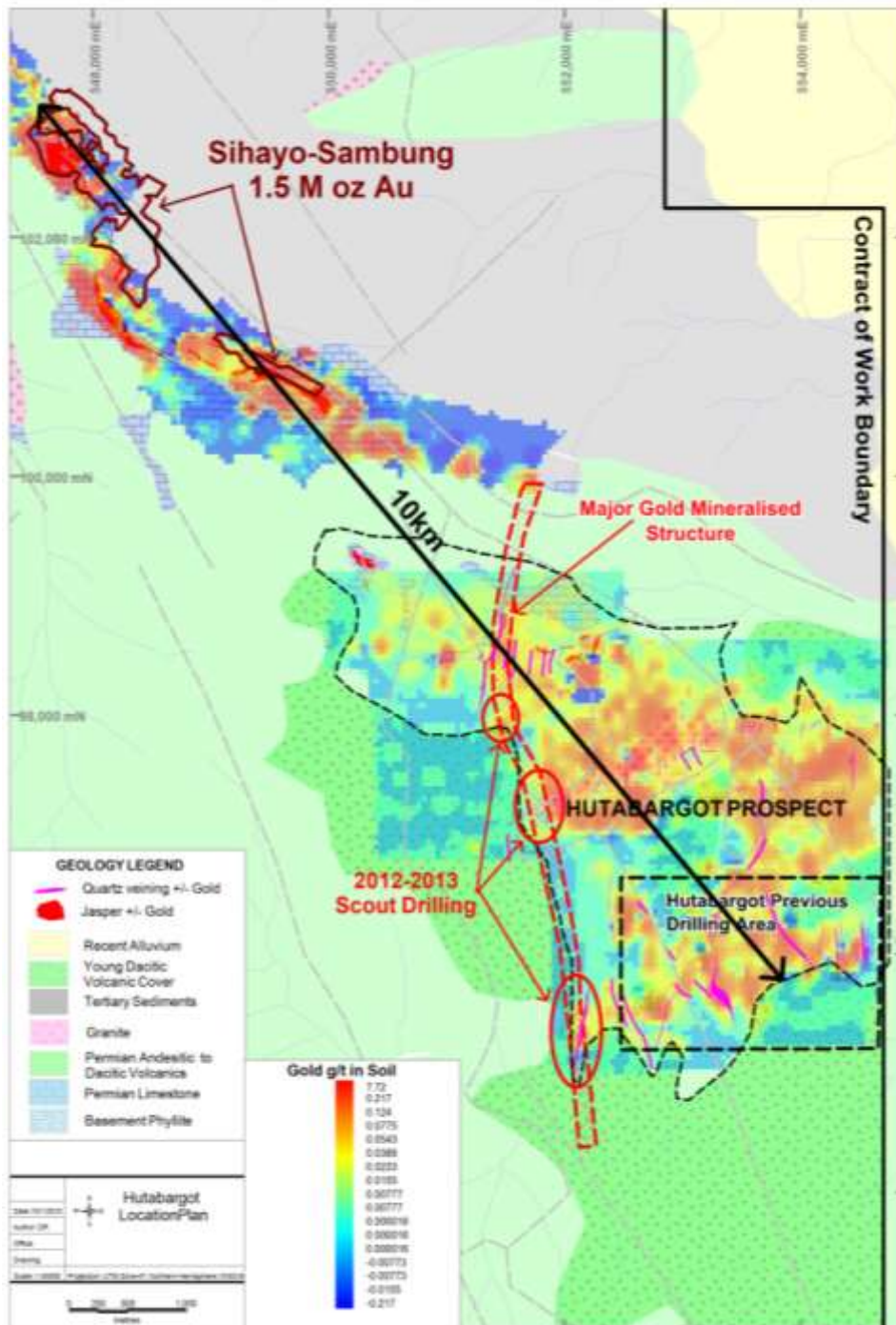


Figure 4: Hutabargot Julu Location

4. Surface Exploration

No activity to report.

Management continues to work with major shareholders, and other potential financiers, to explore options to finance the construction phase while completing further evaluation and optimisation of the project.

The Saratoga and Provident Groups have indicated they remain supportive of the Company and are comfortable with the strategy the company is following.

SIHAYO GOLD LIMITED

Stuart Gula
Managing Director
29 July 2016

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.

Mineral Resources and Ore Reserves

The information is extracted from the reports entitled "Mineral Resource Estimation of the Sihayo & Sambung Deposits, Sumatra Indonesia" created on 5 December 2013 and "Sihayo Open Pit Reserves" created on January 2014 and are available to view on www.sihayogold.com. The company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcement and, in the case of estimates of Mineral Resources or Reserves, that all material assumptions and technical parameters underpinning the estimates in the relevant market announcement continue to apply and have not materially changed. The company confirms the form and context in which the Competent Person's findings are presented have not been materially modified from the original market announcement.

Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10, 01/05/2013

Name of entity

Sihayo Gold Limited

ABN

77 009 241 374

Quarter ended ("current quarter")

30 June 2016

Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A'000	Year to date (12 Months) \$A'000
1.1 Receipts from product sales and related debtors		
1.2 Payments for (a) exploration & evaluation (b) development (c) production (d) administration	(360)	(1,382)
1.3 Dividends received		
1.4 Interest and other items of a similar nature received		
1.5 Interest and other costs of finance paid	(1)	(2)
1.6 Income taxes paid		
1.7 Other (provide details if material)		
Net Operating Cash Flows	(413)	(1,624)
Cash flows related to investing activities		
1.8 Payment for purchases of: (a) prospects (b) equity investments (c) other fixed assets		
1.9 Proceeds from sale of: (a) prospects (b) equity investments (c) other fixed assets		
1.10 Loans to other entities		
1.11 Loans repaid by other entities		
1.12 Other (provide details if material)		
Net investing cash flows	0	0
1.13 Total operating and investing cash flows (carried forward)	(413)	(1,624)

+ See chapter 19 for defined terms.

Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	(413)	(1,624)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.		
1.15	Proceeds from sale of forfeited shares		
1.16	Proceeds from borrowings	403	1,616
1.17	Repayment of borrowings		
1.18	Dividends paid		
1.19	Other (Trust fund received from sale of unmarketable parcel)		(2)
	Net financing cash flows	403	1,614
	Net increase (decrease) in cash held	(10)	(10)
1.20	Cash at beginning of quarter/year to date	12	13
1.21	Exchange rate adjustments to item 1.20	1	-
1.22	Cash at end of quarter	3	3

Payments to directors of the entity, associates of the directors, related entities of the entity and associates of the related entities

		Current quarter \$A'000
1.23	Aggregate amount of payments to the parties included in item 1.2	20
1.24	Aggregate amount of loans to the parties included in item 1.10	

1.25 Explanation necessary for an understanding of the transactions

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Non-cash financing and investing activities

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

Not Applicable

+ See chapter 19 for defined terms.

Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

- 2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

Not Applicable

Financing facilities available

Add notes as necessary for an understanding of the position.

	Amount available \$A'000	Amount used \$A'000
3.1 Loan facilities	525	525
3.2 Credit standby arrangements		

Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	300
4.2 Development	
4.3 Production	
4.4 Administration	50
Total	350

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.

	Current quarter \$A'000	Previous quarter \$A'000
5.1 Cash on hand and at bank	3	12
5.2 Deposits at call		
5.3 Bank overdraft		
5.4 Other (provide details)		
Total: cash at end of quarter (item 1.22)	3	12

+ See chapter 19 for defined terms.

Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

Changes in interests in mining tenements and petroleum tenements

	Tenement reference and location	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1	Interests in mining tenements and petroleum tenements relinquished, reduced or lapsed			
6.2	Interests in mining tenements and petroleum tenements acquired or increased			

Issued and quoted securities at end of current quarter

Description includes rate of interest and any redemption or conversion rights together with prices and dates.

	Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1	Preference securities <i>(description)</i>			
7.2	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions			
7.3	+Ordinary securities	1,136,037,339	1,136,037,339	
7.4	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs	10,069,175		
7.5	+Convertible debt securities <i>(description)</i>			

+ See chapter 19 for defined terms.

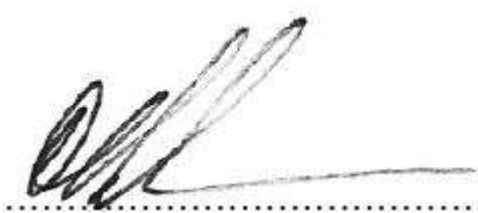
Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

7.6	Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7	Options <i>(description and conversion factor)</i>			<i>Exercise price</i>	<i>Expiry date</i>
7.8	Issued during quarter				
7.9	Exercised during quarter				
7.10	Expired during quarter				
7.11	Debentures <i>(totals only)</i>				
7.12	Unsecured notes <i>(totals only)</i>				

Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 5).
- 2 This statement does give a true and fair view of the matters disclosed.

Sign here: 
 (Director/Company secretary)

Date: 29/7/16

Print name: Daniel Nolan

+ See chapter 19 for defined terms.

Notes

- 1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements and petroleum tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement or petroleum tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 The definitions in, and provisions of, *AASB 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report.
- 5 **Accounting Standards** ASX will accept, for example, the use of International Financial Reporting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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