



**QUARTERLY REPORT**  
**3 months ending 31st March 2012**

**HIGHLIGHTS**

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

- **Definitive Feasibility Study (“DFS”) work continued with key focus on metallurgy, alternative power supply and assessment of an overland conveyor for waste material movement**
- **Infill drilling program completed at the Sambung Resource**
- **Infill drilling results included:**
  - SAMDD086 15m @ 4.26 g/t Au from 57m**
  - SAMDD094 6.85m @ 3.35 g/t Au from 83m**
  - SAMDD102 3.2m @ 9.18 g/t Au from 6m**
  - SAMDD111 6.4m @ 3.6 g/t Au from 11m**
  - SAMDD119 9m @ 4.64 g/t Au from 33m**
  - SAMDD124 6.55m @ 5.59 g/t Au from 75.85m**
  - SAMDD126 21.25m @ 2.58 g/t Au from 23.75m**  
**Incl. 1m @ 19.7 g/t Au and 65 g/t Ag from 39m**
  - SAMDD134 22.85m @ 1.82 g/t Au from 78m**
  - SAMDD137 9.35m @ 2.98 g/t Au from 33.7m**  
**Incl. 1m @ 8.48 g/t Au and 48 g/t Ag from 93m**
  - SAMDD138 3m @ 4.06 g/t Au from 12.9m and**  
**3.05m @ 7.85 g/t Au from 18.9m**
  - SAMDD140 11.15m @ 2.95 g/t Au from 28.85m**  
**Incl. 2.15m @ 4.74 g/t Au and 38.04 g/t Ag from 36m**

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- Encouraging zones of silver mineralisation have been delineated during the infill drilling, including:

**SAMDD092**     7.85m @ 22.46 g/t Ag from 36m  
**SAMDD096**     14.15m @ 48.1 g/t Ag from 75.9m  
**SAMDD117**     6.0m @ 20.0 g/t Ag from 71m  
**SAMDD139**     3.0m @ 28.33 g/t Ag from 20m  
**SAMDD139**     3.95m @ 45.65 g/t Ag from 30.60m

- Resource Consultants (Runge Limited) are scheduled to release an updated JORC Compliant Resource report for the Sambung Resource in May 2012
- Ongoing surface exploration and drilling at Hutabargot Julu has identified key gold targets
- Community-based agriculture programs operating well

#### **CORPORATE**

- Company ended the March Quarter with A\$2.5m in cash and is debt free
- After the quarter end, the Company completed equity capital raising with firm commitments for 86.7 million shares at \$0.15c per share to raise A\$13 million before costs pursuant to the issue announced on 26<sup>th</sup> April 2012

## REVIEW OF OPERATIONS

The focus of activities during the quarter was the Sihayo Pungket Gold Project (“SPGP”) and ongoing regional exploration. Activities included ongoing work on the Definitive Feasibility Study (“DFS”), Sambung Resource infill drilling, Community Development programs adjacent to the Sihayo-Sambung Resource and Hutabargot Julu Prospect surface exploration work.

Figure 1 shows the location of these activities within the Sihayo Pungket Contract of Work (“COW”) area.

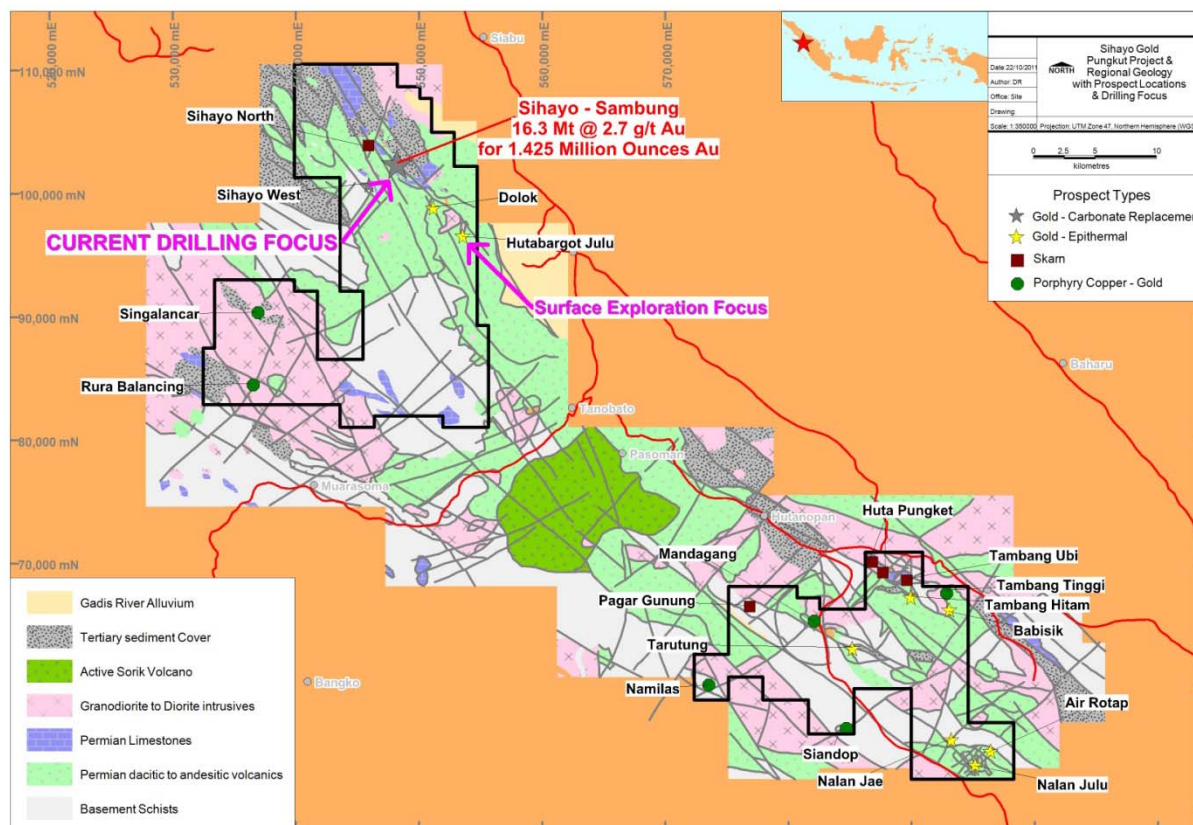


Figure 1: Sihayo Pungket COW – JORC Resources, prospect locations and current work focus area

### 1. Definitive Feasibility Study (“DFS”)

During the quarter, DFS related work focused on metallurgy studies, Sambung Infill Drilling Program, Biomass Power Station study and assessment of an overland conveyor system for the transport of waste material from the mining pit area to the proposed waste dump locations.

#### Metallurgy

Work on the Sihayo-Sambung Resource has focussed on geo-metallurgical modelling. This work has involved an independent review of all previously completed metallurgical work, including;

- Detailed metallurgical Carbon-In-Leach (CIL) plant simulation studies;
- Laboratory cyanide leach tests of >4000 samples from within the Sihayo Resource;
- Petrographic studies;
- Laser Imaging;
- Multi element geochemistry;
- Whole rock geochemistry;
- Total carbon analysis;
- Sulphide Sulphur analysis; and
- Detailed Geological Logging

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Data compilation of the above listed work has been undertaken by well respected and experienced Sydney based metallurgist Peter Lewis. Ongoing metallurgical work will involve prescribed detailed laboratory test work followed by the final CIL plant metallurgical simulation studies.

### **Sambung Resource**

An infill drill program was completed on the Sambung Resource. The purpose of the drill program is to convert the current **JORC Compliant Inferred Resource of 1.72 Mt @ 2.2 g/t Au for 123,200oz Au** into the higher confidence JORC Compliant Indicated category.

Resource Consultants (Runge Limited) are scheduled to release an updated JORC Compliant Resource Report in May 2012.

Initial Sambung metallurgy results show an improvement in overall recoveries as compared with the main Sihayo Resource with recoveries in the range of 80% - 85% achieved.

Details of the Sambung Infill Drill Program are included in Section 2 below.

### **Biomass Power Plant**

The Company has appointed DP CleanTech ("DPCT") to complete a standard DFS document for the design, construction and commissioning of a 9.9MW Biomass Power Plant.

Previously, the power production was based on diesel generators and at a basis of US\$100/bbl oil the unit cost of power was approximately US\$0.25 kw/hr.

DP CleanTech have designed, constructed and successfully commissioned over 40 biomass power plants across Asia and Europe with a combined installed capacity of 1,000MW.

The primary fuel source for the proposed power plant is Palm Kernel Shells ("PKS") a waste product of the palm oil production process.

The PKS market is well established in Sumatra, Indonesia and export volumes of PKS to North Asia and Europe as a primary fuel for biomass power plants has been steadily increasing over the past five years.

Potential supply of PKS within trucking distance of the proposed power plant site exceeds 2 times the annual required supply and is available across multiple independent suppliers. In addition, new palm oil plantations are being established within the area and will provide additional future supply of PKS.

The PKS will be stored on site with a covered area to dry a nominated amount before being placed onto a conveyor to feed into the boiler.

The PKS is fed into a boiler which will generate steam from water sourced from the local river. The steam from the boiler will be sent to the steam turbine generator for the electrical power generation.

Power will be delivered to the plant and infrastructure via overhead transmission lines. A diesel generator power station will supply black start capabilities for the Biomass Power Plant as well as emergency backup power for the operation.

DPCT have submitted a cost of US\$17.9m to design, supply, install and commission the boiler and turbine structure including certain ancillary equipment to support the generator. Owner's costs amount to US\$8.5m including; earthwork, roads, buildings, fire systems, water intake and all other electrical equipment. The total cost of the Biomass Power Plant is US\$26.4 million.

Operating costs are in the final stages of estimation and based on the current market price for PKS per tonne delivered to our nominated power plant location will be in the range of US\$0.08c – US\$0.10c per kw/hr.

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Based on the overall annual power requirement, the Biomass Power Plant delivers annual cost savings of approximately US\$9m compared to diesel power generation.

In terms of cash costs of production basis the power savings equate to US\$100/oz over the estimated initial 7 year mine life, thus reducing average site cash costs from US\$678/oz to a very competitive level of US\$578/oz.

### **Overland Conveyor for transporting waste material**

Detailed discussions with some of Europe's leading manufacturers of conveyors for the mining industry, including Famur Group and Linter Group of Poland, for the installation of an overland conveyor to transport up to 8Mtpa of waste material from nearby the mining pits to the waste dump site have been concluded and DFS standard Capex and Opex estimates have been finalised.

In summary, the proposed conveyor route is approximately 2.1km in length and because the entire length of the conveyor is downhill, the conveyor has the potential to generate excess power equivalent to approximately 7% - 10% of the total power requirement of the entire project.

Whilst the standalone Capex and Opex numbers are very attractive the installation costs are considered very high, partly reflecting the fact the area has a high seismic rating together with the topographic conditions and annual rainfall levels.

As such, the most likely outcome is that the Company will proceed with a traditional truck haulage arrangement for transporting the waste material.

## **2. Sihayo - Sambung Gold Resource**

The current **Sihayo-Sambung JORC Compliant Resource of 16.3Mt at 2.7 g/t Au for 1.425 Moz Gold** lies on about 2.25km of a 5.5km long trend of gold mineralisation that has been defined by surface exploration work. Gold within the Sihayo-Sambung Resource is contained within "Jasper" that has replaced calcareous stratigraphy.

Between October 2011 and March 2012, an infill diamond drilling program comprising 56 holes for 5,455m (SAMDD086 to SAMDD141) was completed on the Sambung Resource with the aim of upgrading the JORC Compliant Inferred Resource of **1.72 Mt @ 2.2 g/t Au for 123,200oz Au** to the JORC Compliant Indicated Resource status.

During the quarter 41 diamond drill holes for 3,797m were completed as the final component of this drill program.

*Figures 2 and 3* are drill plans summarising the program. *Table 1* (gold > 1g/t) and *Table 2* (silver > 15 g/t) below summarise this reporting period drill hole intercepts. Silver intercepts will be analysed for significance during the resource update process with Runge Limited.

Geological modelling based on logging of the 141 diamond drill holes through the Sambung Resource has defined three settings of gold bearing jasper mineralisation:



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- 1) Structurally controlled;
  - 2) Stratigraphy controlled; and
  - 3) Surface regolith.

*Figures 4 and 5* below are cross sections demonstrating geology and gold mineralisation at the Sambung Resource.

*Figures 6 and 7* are photographs of Sambung gold mineralised core.

*Figure 8* is an indicative block model of the Sambung mineralisation.

The major control of the Sambung Mineralisation is a series of normal faults within the greater Trans Sumatran Fault Zone. These faults have strike extent and known gold mineralisation outside of currently defined JORC Compliant Resource.

Resource extension drilling is planned for the remainder of 2012 to test the **shallow high grade gold** mineralisation extents of this fault system adjacent to the Sambung Resource.

**There is potential for growing the Sambung Resource over the remainder of 2012.**

*Figures 9 and 10* demonstrate the zones of potential extensions of the Sambung Resource.

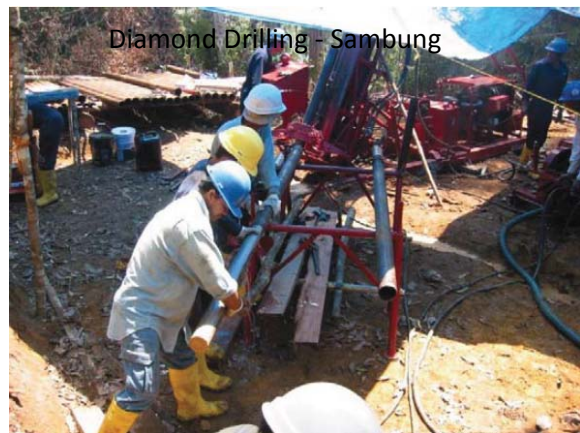


Table 1: Gold Drill Intercepts - Holes SAMDD102 to SAMDD141

Hole_ID	East UTM	North UTM	RL (m ASL)	Azi	Dip	Max Depth (m)	From	To	Length	Au g/t
SAMDD102	549091	101125	1048	223	-60	83.0	2	3	1	1.29
							6	9.2	3.2	9.18
							23	24.15	1.15	1.85
SAMDD103	549417	101004	971	222	-60	80.0	18	19.15	1.15	1.61
							25.35	27	1.65	1.35
							40.1	45	4.9	2.25
SAMDD104	549122	101070	1067	120	-90	126.8	3	7	4	1.43
SAMDD105	549360	101013	985	222	-60	74.0	35	36	1	1.08
							49.35	56.55	7.2	1.04
SAMDD107	549344	100995	991	222	-60	72.5	3	4	1	4.79
SAMDD109	549341	101029	976	0	-90	73.0	30	32	2	1.95
							35	38.6	3.6	1.49
SAMDD111	549311	100996	1002	222	-60	92.0	10.8	17.2	6.4	3.59
SAMDD112	549316	101078	969	222	-60	143.0	45.7	52	6.3	3.60
SAMDD113	549305	100952	1022	222	-90	66.8	4.55	5.6	1.05	3.10
SAMDD114	549488	100970	968	152	-90	56.2	5	6.3	1.3	1.92
SAMDD116	549373	100959	995	223	-60	90.6	10	13.3	3.3	4.53
SAMDD117	549176	101145	1036	222	-50	150.0	52.9	59	6.1	2.67
							71	77	6	1.74
SAMDD119	549257	101100	987	222	-55	131.1	33	42	9	4.64
							45	47.05	2.05	4.21
SAMDD120	549341	101029	976	221	-51	80.7	34	35	1	1.01
							41.4	43	1.6	2.79
							51	53	2	1.54
SAMDD121	549176	101145	1036	222	-60	120.8	60	63.4	3.4	1.12
							70	71.9	1.9	1.76
SAMDD122	549341	101029	976	222	-72	122.6	21	23	2	1.57
							41	43	2	2.22
SAMDD123	549201	101103	1010	222	-50	111.9	27	28.6	1.6	1.44
							33.7	34.7	1	1.45
							38	41.25	3.25	2.89
SAMDD124	549176	101145	1036	224	-76	132.8	75.85	82.4	6.55	5.59
SAMDD125	549390	101048	962	224	-56	63.0	51.25	52.9	1.65	1.28
SAMDD126	549201	101103	1010	222	-65	125.2	23.75	45	21.25	2.58
SAMDD127	549436	101024	953	222	-60	97.7	20.6	23	2.4	2.61
SAMDD128	549076	101187	1083	222	-50	97.7	80	81.2	1.2	2.82
SAMDD130	549076	101187	1083	222	-70	131.2	88	89	1	2.50
							94	97.2	3.2	3.10
							100	102	2	1.17
SAMDD133	549316	101078	969	222	-75	90.7	44	48	4	1.64
SAMDD134	549131	101171	1053	222	-75	129.0	78	100.85	22.85	1.82
SAMDD135	549433	100981	984	222	-50	69.6	20.4	30	9.6	1.28

Hole_ID	East UTM	North UTM	RL (m ASL)	Azi	Dip	Max Depth (m)	From	To	Length	Au g/t
							38	39	1	3.43
SAMDD136	549255	101081	989	222	-50	79.1	33.7	44.45	10.75	1.79
SAMDD137	549131	101171	1053	0	-90	127.7	91.05	100.4	9.35	2.98
SAMDD138	549406	100952	995	222	-60	54.5	12.9	15.9	3	4.06
							18.9	21.95	3.05	7.85
							41.6	42.6	1	2.63
SAMDD139	549183	101080	1012	222	-45	50.0	20	24	4	1.16
							28	34	6	1.06
SAMDD140	549113	101146	1045	222	-60	62.3	28.85	40	11.15	2.95

**Notes**

1. All 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. A maximum of 2m of consecutive internal waste (material less than 1.0ppm Au) per reported intersection
4. All interval grades were calculated as a weighted average
5. All intervals reported as down hole lengths
6. Sampling regime as quarter core for PQ and half core for NQ and HQ diameter core
7. Quality Assurance and Quality Control (QAQC): Standards, duplicates, blanks
8. Coordinates in UTM grid system (WGS84 z47N)

**Table 2: Silver Drill Intercepts - Holes SAMDD102 to SAMDD141**

Hole_ID	East UTM	North UTM	RL (m ASL)	Azi	Dip	Max Depth (m)	From	To	Length	Ag g/t
SAMDD092	549171	101105	1020	220	-61	71.0	36	43.85	7.85	22.46
SAMDD096	549131	101171	1053	222	-60	122.0	75.9	90.05	14.15	48.10
SAMDD117	549176	101145	1036	222	-50	150.0	71	77	6	20.00
SAMDD134	549131	101171	1053	222	-75	129.0	84.75	89.0	4.25	19.65
							94	97	3	19.67
SAMDD137	549131	101171	1053	0	-90	127.7	92	94	2	32.5
SAMDD139	549183	101080	1012	222	-45	50.0	20	23	3	28.33
							30.6	34.55	3.95	45.65
SAMDD140	549113	101146	1045	222	-60	62.3	36	43	7	16.4

**Notes**

1. All Ag assays determined by Hydrochloric/Perchloric digestion with AAS finish by Intertek- Caleb Brett Laboratories of Jakarta
2. Lower cut of 5.0ppm Ag used
3. A maximum of 2m of consecutive internal waste (material less than 5.0ppm Ag) per reported intersection
4. All interval grades were calculated as a weighted average
5. All intervals reported as down hole lengths
6. Sampling regime as quarter core for PQ and half core for NQ and HQ diameter core
7. Quality Assurance and Quality Control (QAQC): Standards, duplicates, blanks
8. Coordinates in UTM grid system (WGS84 z47N)



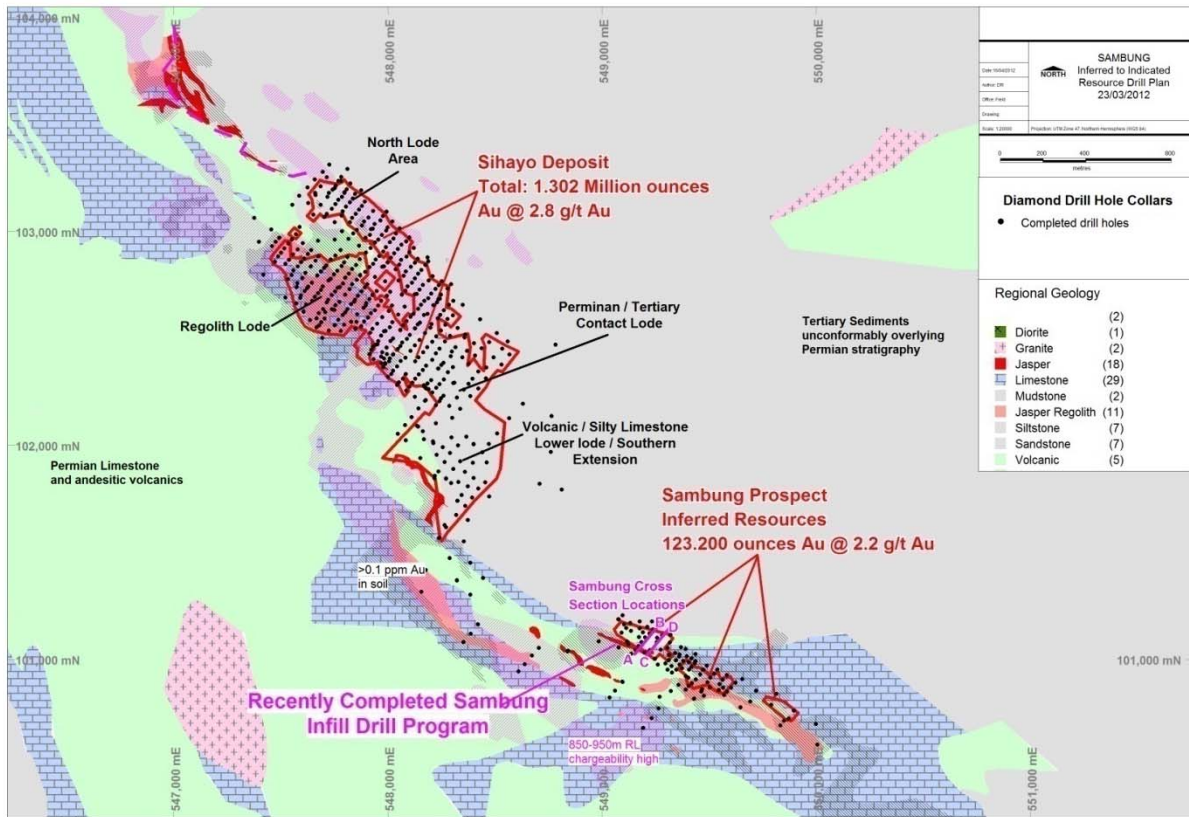


Figure 2: Sihayo Pungkut Gold Project - Current Drilling Focus

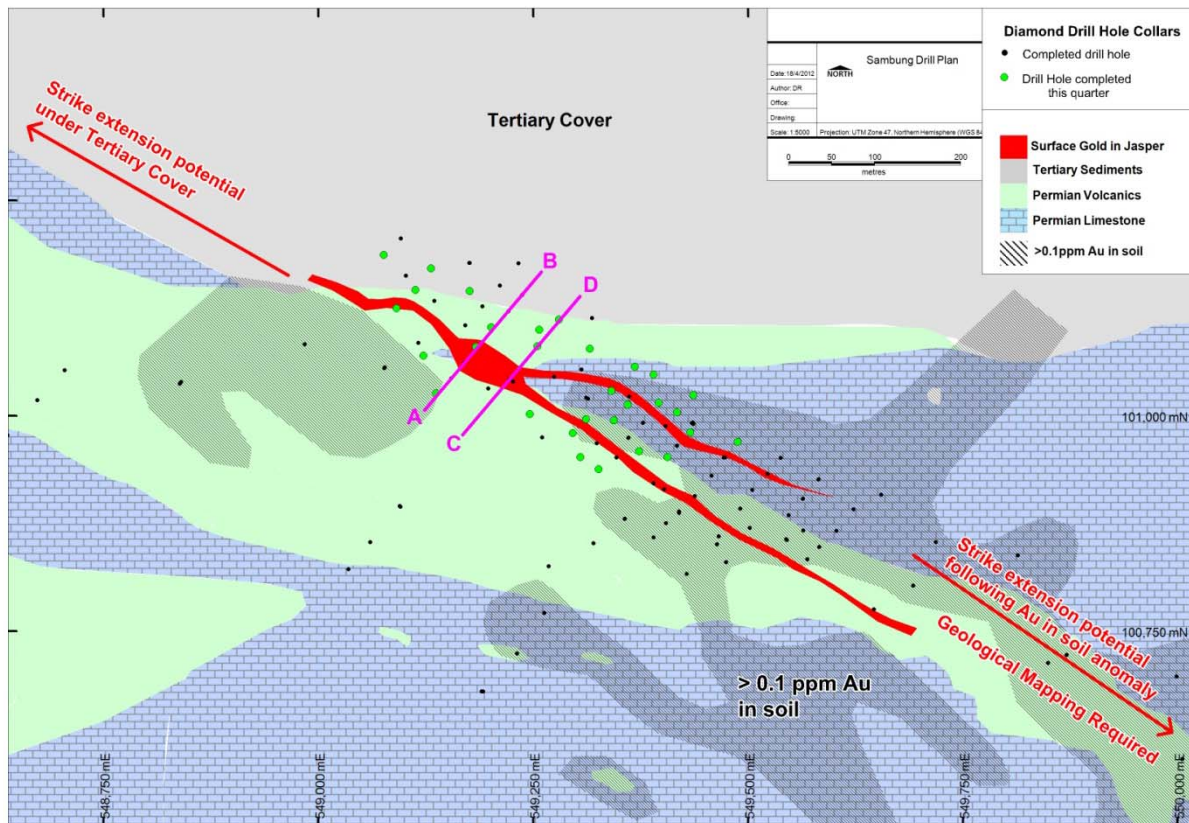
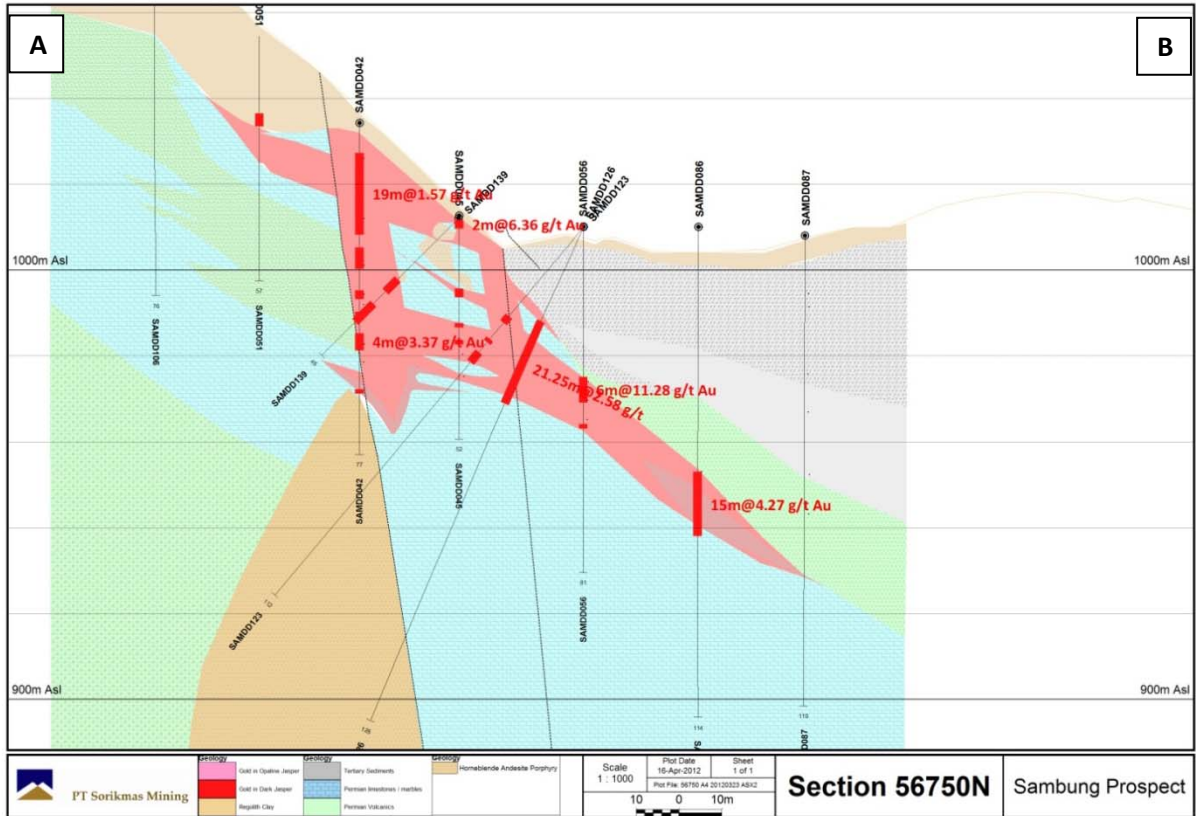
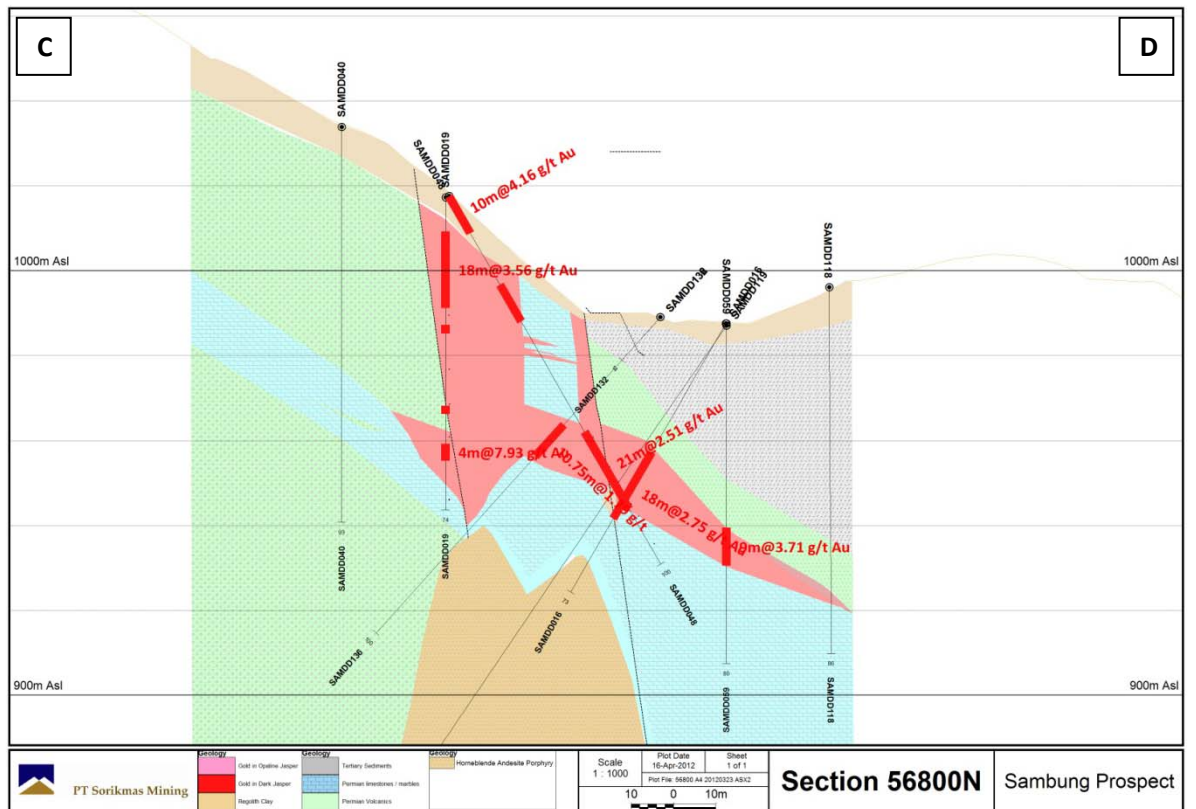


Figure 3: Sambung Drill Plan showing collar locations for diamond drill holes (green) completed this reporting period



**Figure 4: Cross Section 56750N at the Sambung prospect.**  
 NB: Located on Figures 1 & 2 and looking northwest. Intercepts > 10 gram \* metres labelled



**Figure 5: Cross Section 56800N at the Sambung prospect.**  
 NB: Located on Figures 1 & 2 and looking northwest. Intercepts > 10 gram \* metres labelled

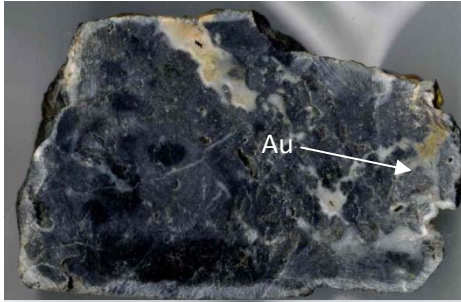


Figure 6: Jasper cut by late opaline-chalcedonic quartz with visible gold grading 443 g/t Au from SAMDD002 (22.55m to 22.65m depth).



Figure 7: Jasper cut by late colloform banded opaline-chalcedonic quartz +adularia from SAMDD002 (36.15m to 36.25m).

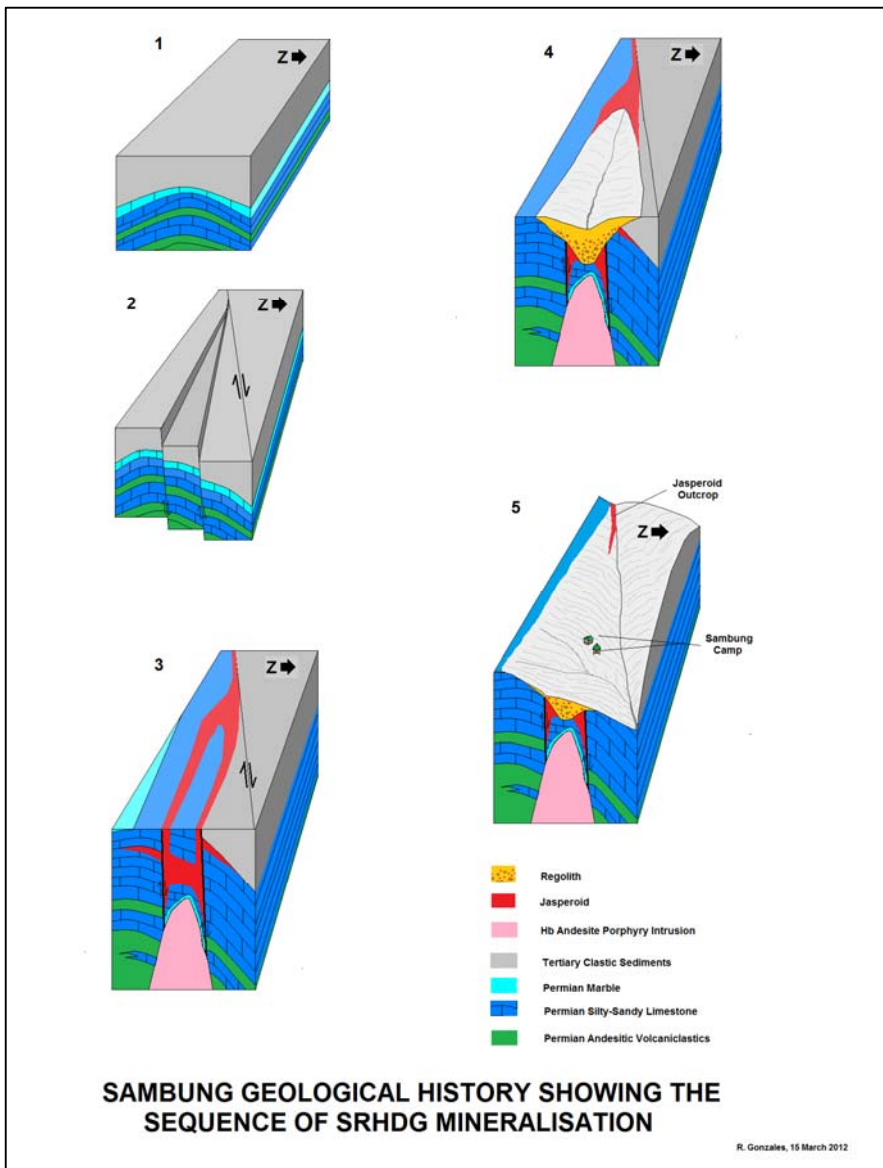


Figure 8: Sambung Resource Geological Model. SRHDG = Sedimentary Rock Hosted Disseminated Gold

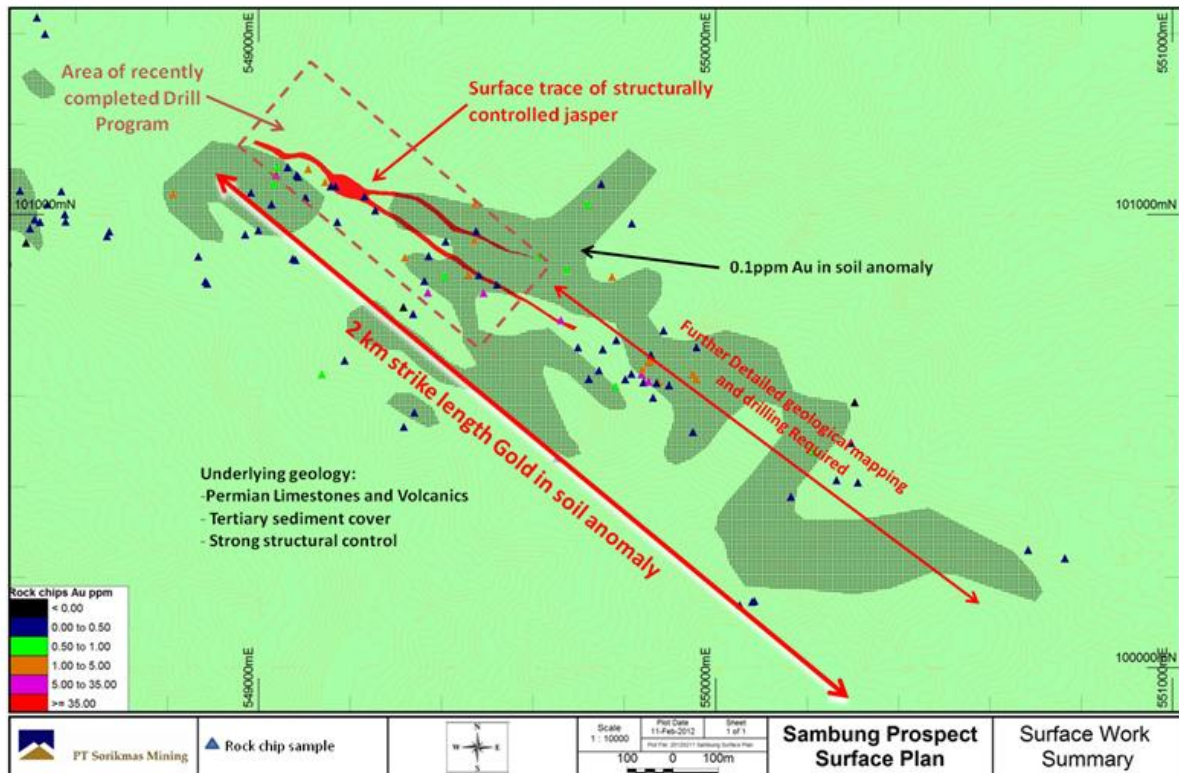


Figure 9: Sambung Prospect Surface Plan showing current known gold mineralisation extent

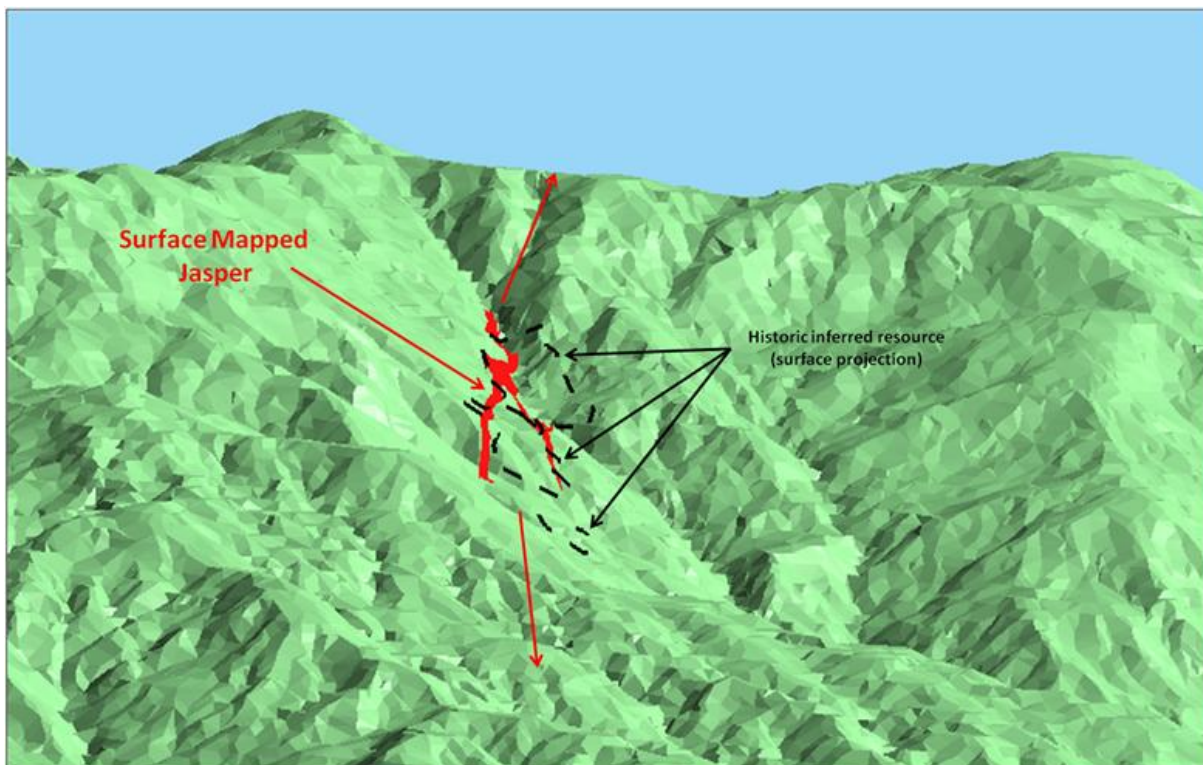


Figure 10: Sambung Prospect. LIDAR DTM with surface mapped Jasper and historic resource boundaries.

Looking NW. V/H =1

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### 3. Community Development

Sihayo's community development programs are currently focused on agriculture based initiatives around the production of rubber, chocolate and rice and improving overall animal husbandry.

Notably, approximately 95% of local community income is derived from agriculture and related businesses. The Company's aim is to raise community incomes through sustainable improvements in local agricultural practices. In essence, the programs seek to provide:

1. Access to markets to sell produce;
2. Access to quality seed / plants or animal stock; and
3. Access to training for best practice applicable agricultural techniques.

The main project focus during the quarter was the building of a cocoa fermentation, drying, sorting and packaging plant. The facility will add significant value to the locally grown cocoa product. The cocoa plant is 90% complete and is expected to begin operation in late May 2012. This project will see quality local product sold directly to chocolate manufacturers in Medan, North Sumatra.

Several new woman-specific programs were commenced this quarter to assist in boosting local daily incomes.



Chocolate Fermenting Boxes



Sweets production

These programs include:

- Broiler chicken production;
- Duck egg production;
- Vegetable production for direct marketing; and
- Food processing programs: jam, pickles, sweet and dried snacks from otherwise unusable fruit.

Other ongoing programs such as tree nurseries, breeding stations for different livestock including goats, chickens, pigs and fish continue to perform well.

Training was also ongoing with several cocoa tree pruning workshops, small business management workshops and reforestation awareness programs.

The next quarter will be quite exciting with implementation of the new cocoa facility and direct marketing of vegetable production. We should see positive and immediate effects on local farming community incomes.



Vegetable Planting

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#### 4. Hutabargot Julu Exploration

The **Hutabargot Julu Epithermal Gold** Prospect is located 7km south east of the Sihayo-Sambung Resource.

The 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.

Historic drilling yielded a best significant intercept of **5m @ 36.7 g/t Au from 47m** from quartz-sulphide veining.

Exploration work on the prospect has been divided into three areas (*refer Figure 11 below*):

1. Sarahan vein definition drilling;
2. Northern area large sub gram Gold in Soil anomaly; and
3. Ongoing surface work

Exploration work during the quarter included extending soil sampling and detailed geological mapping within the northern gold anomaly and drill pad preparation along the Sarahan Vein (*refer Figure 11*).

*Figures 12 and 13* are surface plans summarising work to date and the ongoing exploration plan around the Sarahan vein and the large northern gold in soil anomaly area.

Exploration activity planned for the next quarter is definition drilling along the Sarahan Vein (commenced 29th March 2012), data compilation across the large northern gold in soil anomaly to generate drill targets and ongoing surface exploration (soils, geological mapping and Induced Polarisation Surveys) across the remainder of the Hutabargot intermediate sulphidation footprint.

#### 5. Babisik Epithermal Gold Prospect

The Babisik Prospect is underlain by Permian volcanic agglomerates that are unconformably overlain by sandstones and conglomerates to the north of the prospect area.

A number of quartz veins +/- manganese +/- limonite up to 15m wide are traceable over 500m of strike length. Best rock chip results to date yielded **5.32 g/t Au and up to 400 g/t Ag**.

With the exploration focus at Sambung Infill Drilling and the commencement of drilling at Hutabargot Julu there was no field work at Babisik this quarter.

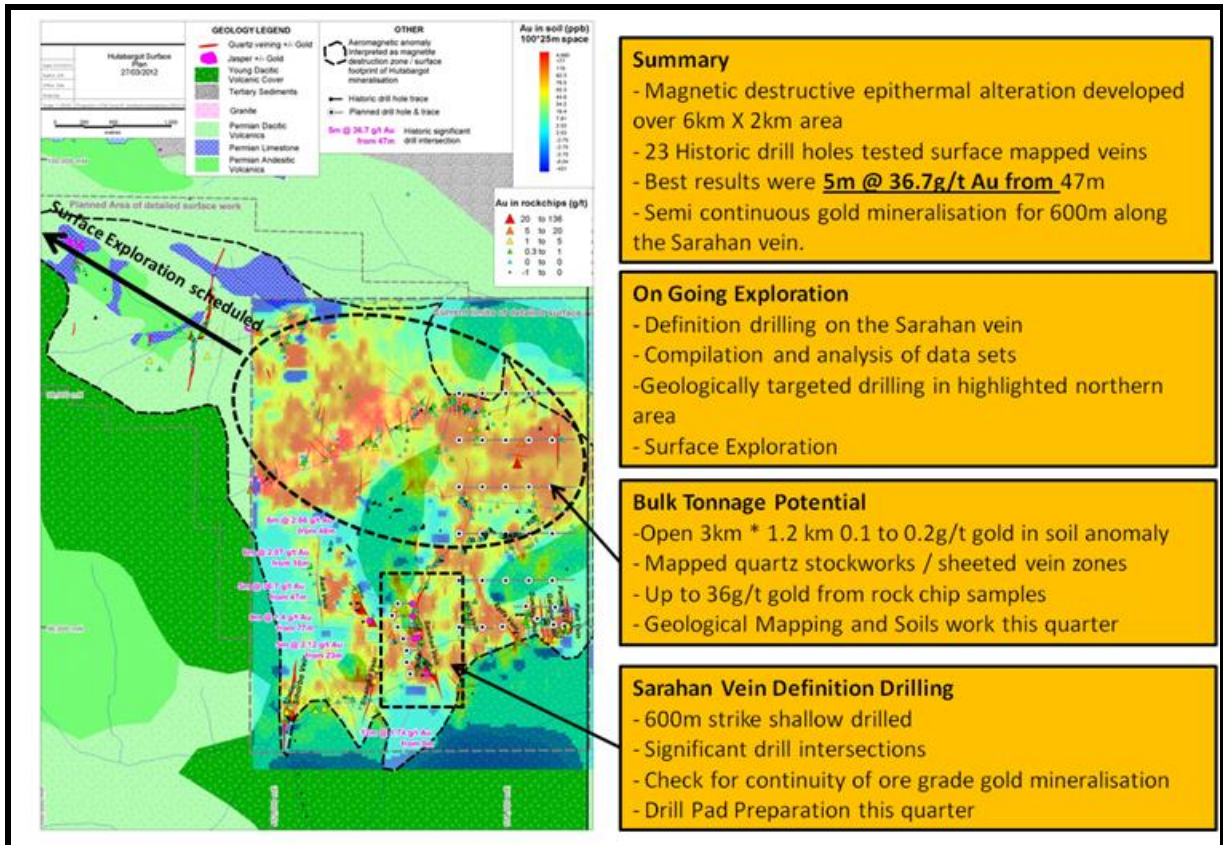


Figure 11: Hutabargot Surface Plan

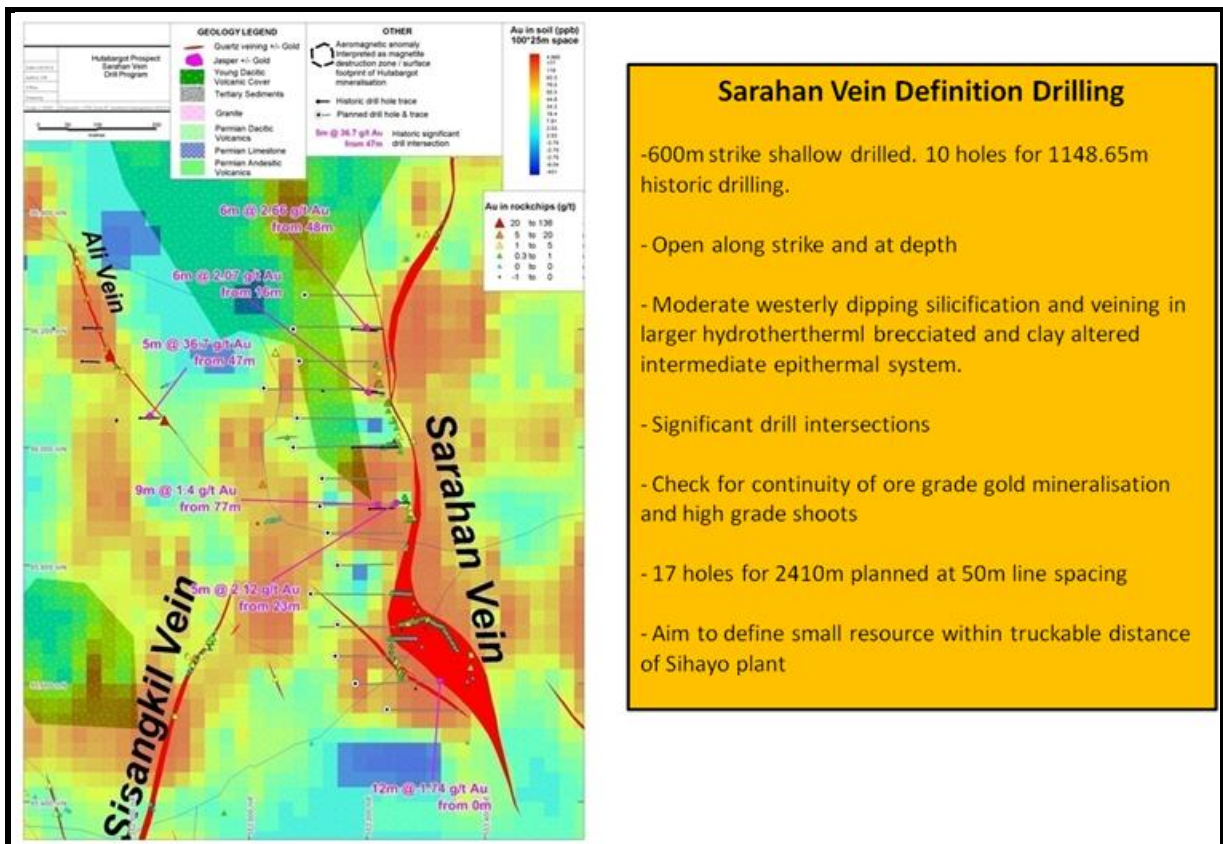


Figure 12: Hutabargot - Sarahan Vein Drill Program

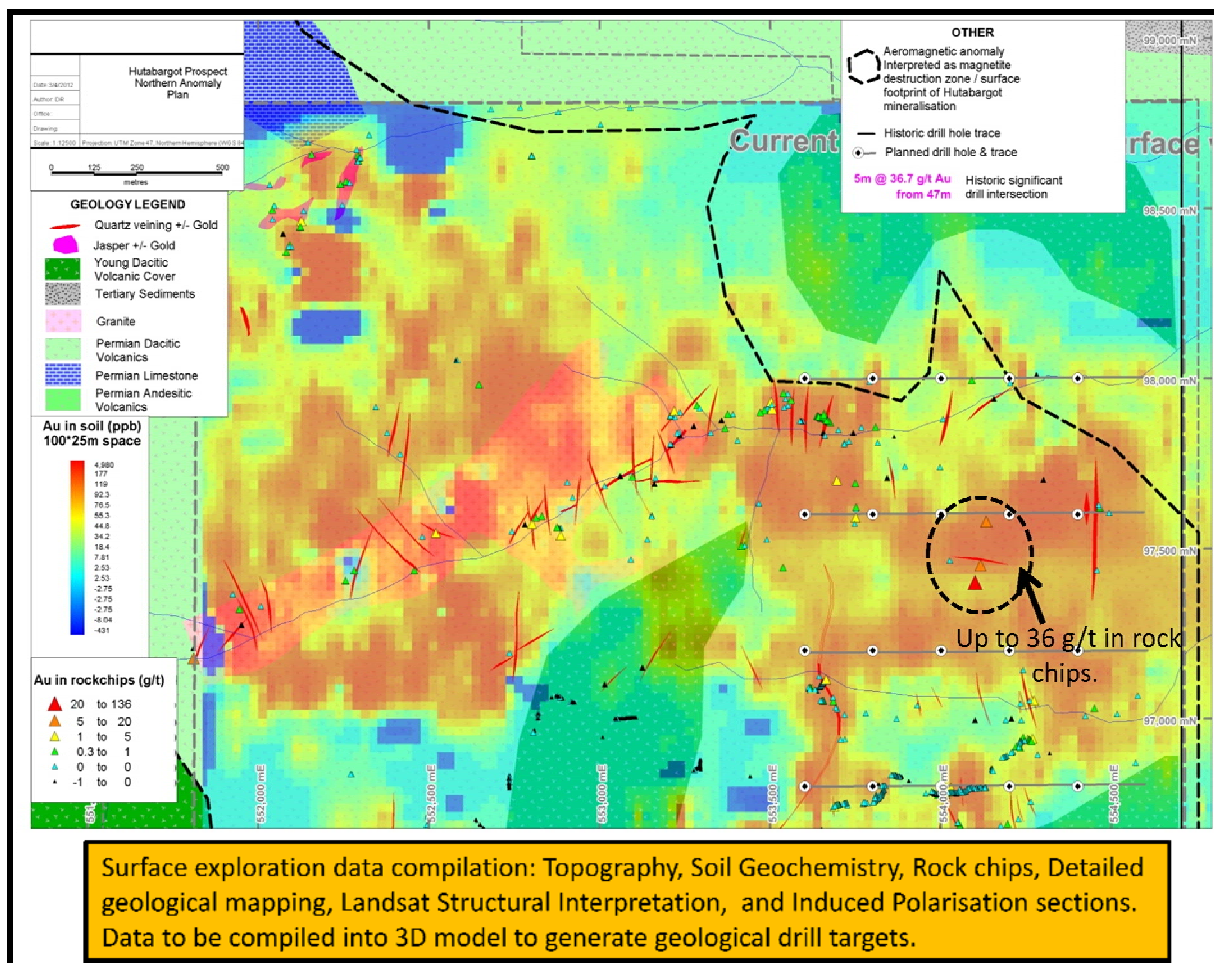


Figure 13: Hutabargot - Northern Gold in Soil Anomaly

## 6. Illegal Mining Activities

During the past 18 months, illegal miners have been active within the Sihayo Pungkut COW, particularly within the Hutabargot Julu and Sambung Areas. The presence of illegal miners has not directly impacted on company exploration activity but is a significant environmental, cultural and health concern for the local community.

Until recently, local government authorities have taken no action against the illegal mining. During this quarter, the Head of the Regency of Mandailing Natal publicly announced that permitting is required for mining within the regency and that no permits will be issued over the Sihayo Pungkut COW Area.

Consequently, the Company has been discussing in detail with the local government about a proposed joint operation between local government authorities, police and army to remove the illegal miners from within the COW Area. This operation is expected to take place within the next 4 weeks.

With this sensitive operation tentatively scheduled, Company management cannot rule out possible negative short term effects while striving for positive long term results.

## 7. Malawi (Uranium) 100%

No exploration activities were carried out during the Quarter.

## 8. 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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## 9. Corporate

On 26<sup>th</sup> April 2012, the Company announced that it had received firm commitments for 86.7 million fully paid ordinary shares (“shares”) at \$0.15 per share to raise \$13 million before costs pursuant to the placement.

Placement shares were allotted on the 26<sup>th</sup> April and settlement is due to take place in two tranches; tranche one consisting of the issuance of approximately 43.35 million shares on Wednesday 2<sup>nd</sup> May 2012 with quotation on Thursday 3<sup>rd</sup> May 2012 and tranche two consisting of approximately 43.35 million shares on Thursday 24<sup>th</sup> May 2012 with quotation on Friday 25<sup>th</sup> May 2012. The new shares to be issued under the placement will rank equally with existing ordinary shares in Sihayo from their date of issue.

The equity issue was very strongly supported by existing shareholders of the Company and pleasingly one new Asian-based investor also participated in a significant manner.

Proceeds raised will allow the Company to complete the final stage of the Definitive Feasibility Study (“DFS”), place any required orders for long-lead items for the proposed CIL Processing Plant and the Biomass Power Station prior to December 2012, pursue further resource extension drilling at the Sihayo Pungkut Gold Project and undertake resource exploration drilling across “high impact” exploration targets within the Company’s Contract of Work (“COW”) Area.

Yours faithfully,  
**SIHAYO GOLD LIMITED**



**Paul Willis**  
Chief Executive Officer  
30th April 2012

### **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 1<sup>st</sup> 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.

**Runge Limited:** The information in this report that relates to Mineral Resources at Sihayo and Sambung 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:** Both the Sihayo and Sambung deposits were 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, while a block dimension of 20m EW by 20m NS by 5m vertical with sub-cells of 5m by 5m by 1.25m was adopted for the Sambung model. Statistical analysis of the deposit determined that no high grade cuts were required in the Sihayo estimate, although a 25g/t Au has been used in the Sambung estimate. Bulk density was assigned in the model based upon the results of 4,629 bulk density determinations.

### **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.

## Appendix 5B

### Mining 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

Name of entity

Sihayo Gold Limited

ABN

77 009 241 374

Quarter ended ("current quarter")

31 March 2012

#### Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A'000	Year to date (9 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	(4,208)	(7,913)
1.3 Dividends received	(179)	(367)
1.4 Interest and other items of a similar nature received	131	265
1.5 Interest and other costs of finance paid		
1.6 Income taxes paid		
1.7 Other (provide details if material)		
<b>Net Operating Cash Flows</b>	<b>(4,256)</b>	<b>(8,015)</b>
<b>Cash flows related to investing activities</b>		
1.8 Payment for purchases of: (a) prospects (b) equity investments (c) other fixed assets	(225)	(278)
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)		
<b>Net investing cash flows</b>	<b>(225)</b>	<b>(278)</b>
1.13 Total operating and investing cash flows (carried forward)	<b>(4,481)</b>	<b>(8,293)</b>

+ See chapter 19 for defined terms.

**Appendix 5B**  
**Mining exploration entity quarterly report**

1.13	Total operating and investing cash flows (brought forward)	(4,481)	(8,293)
	<b>Cash flows related to financing activities</b>		
1.14	Proceeds from issues of shares, options, etc.		
1.15	Proceeds from sale of forfeited shares		
1.16	Proceeds from borrowings		
1.17	Repayment of borrowings		
1.18	Dividends paid		
1.19	Other (cost of share issue)	(1)	(5)
	<b>Net financing cash flows</b>	(1)	(5)
	<b>Net increase (decrease) in cash held</b>	(4,482)	(8,298)
1.20	Cash at beginning of quarter/year to date	6,650	10,210
1.21	Exchange rate adjustments to item 1.20	304	560
1.22	<b>Cash at end of quarter</b>	<b>2,472</b>	<b>2,472</b>

**Payments to directors of the entity and associates of the directors**  
**Payments to 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	110
1.24	Aggregate amount of loans to the parties included in item 1.10	

1.25 Explanation necessary for an understanding of the transactions

**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

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**

+ See chapter 19 for defined terms.

*Add notes as necessary for an understanding of the position.*

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

### Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	3,600
4.2 Development	
4.3 Production	
4.4 Administration	300
<b>Total</b>	<b>3,900</b>

### 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	2,428	6,606
5.2 Deposits at call	44	44
5.3 Bank overdraft		
5.4 Other (provide details)		
<b>Total: cash at end of quarter (item 1.22)</b>	<b>2,472</b>	<b>6,650</b>

### Changes in interests in mining tenements

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

+ See chapter 19 for defined terms.

**Appendix 5B**  
**Mining exploration entity quarterly report**

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6.2 Interests in mining  
tenements acquired or  
increased

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+ See chapter 19 for defined terms.

**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 <b>Preference securities</b> <i>(description)</i>				
7.2 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3 <b>+Ordinary securities</b>	703,711,146	703,711,146		
7.4 Changes during quarter Increases through issues  (b) Decreases through returns of capital, buy-backs				
7.5 <b>+Convertible debt securities</b> <i>(description)</i>				
7.6 Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				

+ See chapter 19 for defined terms.

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**Mining exploration entity quarterly report**

			<i>Exercise price</i>	<i>Expiry date</i>
7.7	<b>Options</b> <i>(description and conversion factor)</i>	6,800,000	\$0.15	31/05/2013
		2,000,000	\$0.075	30/06/2012
		2,000,000	\$0.1	30/06/2013
		2,000,000	\$0.1	30/06/2012
		2,000,000	\$0.125	30/06/2013
		1,500,000	\$0.1	31/05/2012
		1,500,000	\$0.1	31/05/2012
		2,000,000	\$0.25	31/12/2012
		1,000,000	\$0.25	31/12/2012
7.8	Issued during quarter			
7.9	Exercised during quarter			
7.10	Expired during quarter			
7.11	<b>Debentures</b> <i>(totals only)</i>			
7.12	<b>Unsecured notes</b> <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: 30/4/12.....

Print name:

DANIEL NOLAN.....

**Notes**

+ See chapter 19 for defined terms.

- 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 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, 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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+ See chapter 19 for defined terms.