



## QUARTERLY REPORT - 3 months ending 30th June 2014

### REVIEW OF OPERATIONS

#### 1. Corporate

On April 29th 2014, the Company concluded the issue of shortfall share resulting from the Non-Renounceable Entitlement issue which closed on 21<sup>st</sup> March 2014. Shortfall shares were issued to:

Lion Selection	1,571,428 shares
PT Saratoga Investama Sedaya	28,420,378 shares
Provident Minerals Pte Ltd (Underwriter)	36,367,446 shares

On July 14<sup>th</sup>, Sihayo Gold Limited (the Company) announced the implementation of a small holdings sale facility (Facility) which provides eligible shareholders with the opportunity to sell their shareholding without incurring brokerage or handling costs. Eligible shareholders were sent a letter outlining the terms and conditions of the Facility on 18 July 2014.

It is important for eligible shareholders to note that as the Facility is being conducted on an "opt out" basis, any shareholder wishing to retain their holding must take action in response to the letter to avoid their shares being sold.

Key dates relevant to the Facility were set out as follows:

Record Date:	11 July 2014
Shareholder Mailing Date:	18 July 2014
Closing Date:	30 August 2014
Expected Payment Date:	12 September

The board is considering the future funding requirements of the company and an announcement will follow in due course.

In the interim the Company has sought and obtained a USD500,000 loan from major shareholders, which was fully drawn in July.

The Company finished the Quarter with a cash balance of AUD 56,000.

## 2. Sihayo Pungktu Gold Project

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 Pungktu Gold Project (“the Project”) on 29 January 2014.

The Project which has a JORC 2012 compliant Mining Reserve containing 554,000 gold ounces is located in north Sumatra Indonesia as per Figure 1 below.



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

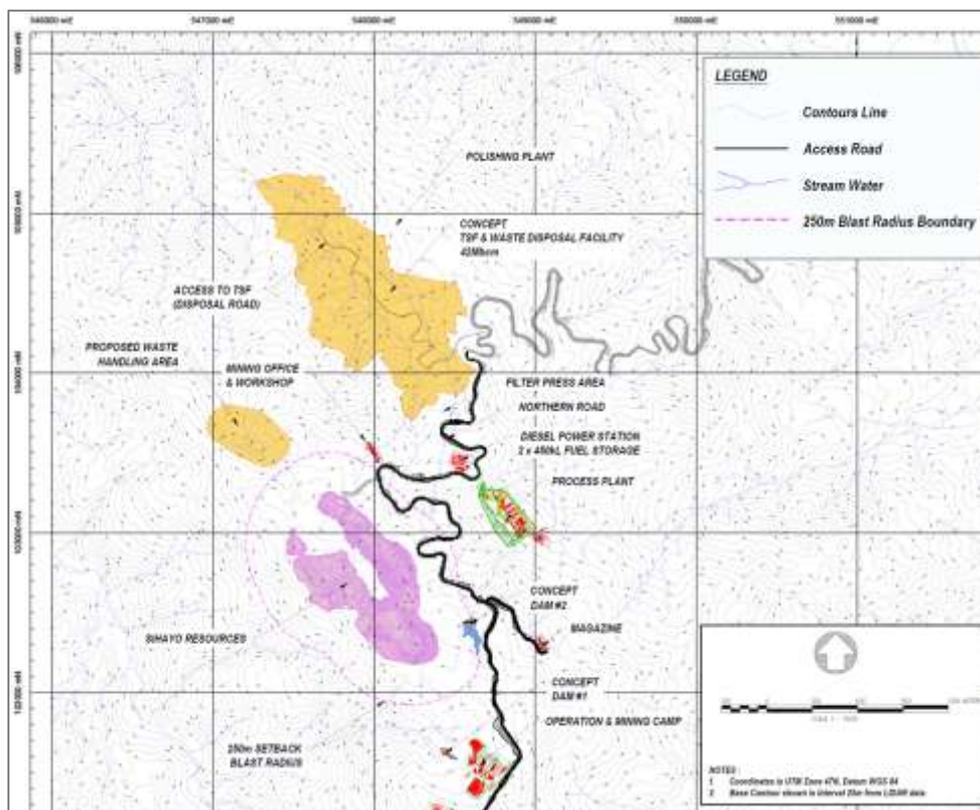


Figure 2: Project Site Area

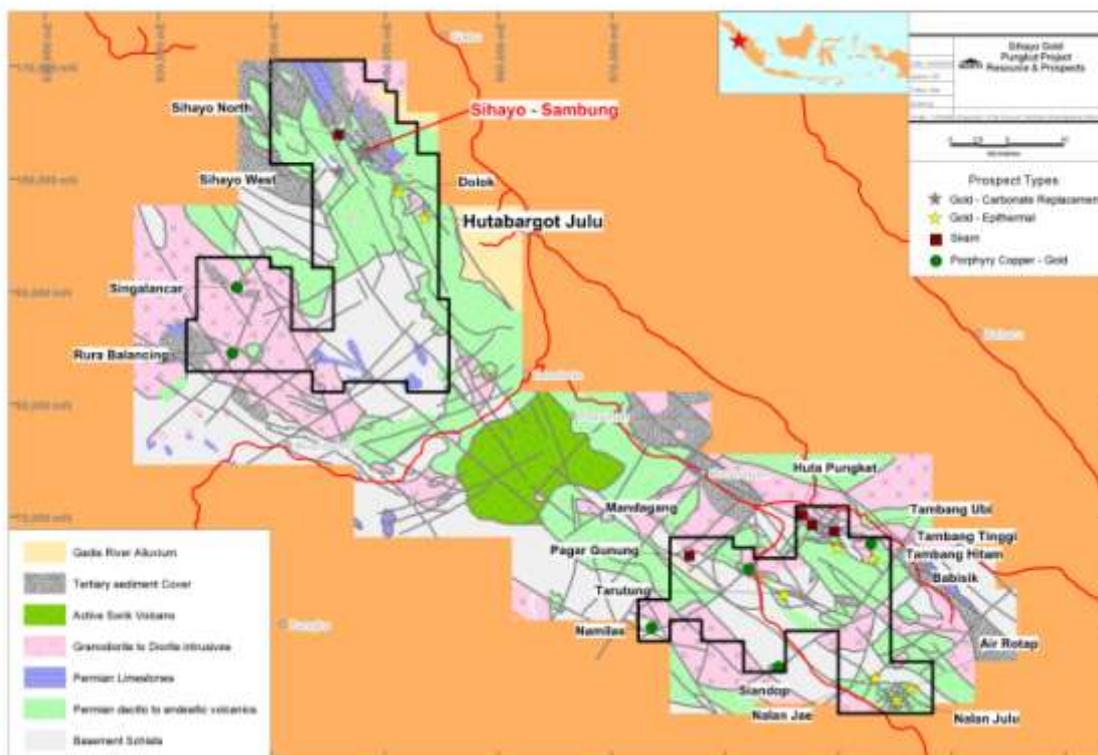
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## Permitting and Approvals

The Project is located within a Generation VII Contract of Work (CoW) located in Northern Sumatra, Indonesia.

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).

On May 13<sup>th</sup> the Company announced receipt of a permit to extend the 'Feasibility Study Period' for the Company's Contract of Work (CoW) until 6 October 2014. This extension was required to enable submission of the Government of the Republic of Indonesia Feasibility Study ("GoIFS").



**Figure 3: Sihayo Pungkut Gold Project – CoW Boundary, Project Location & Key Prospects**

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

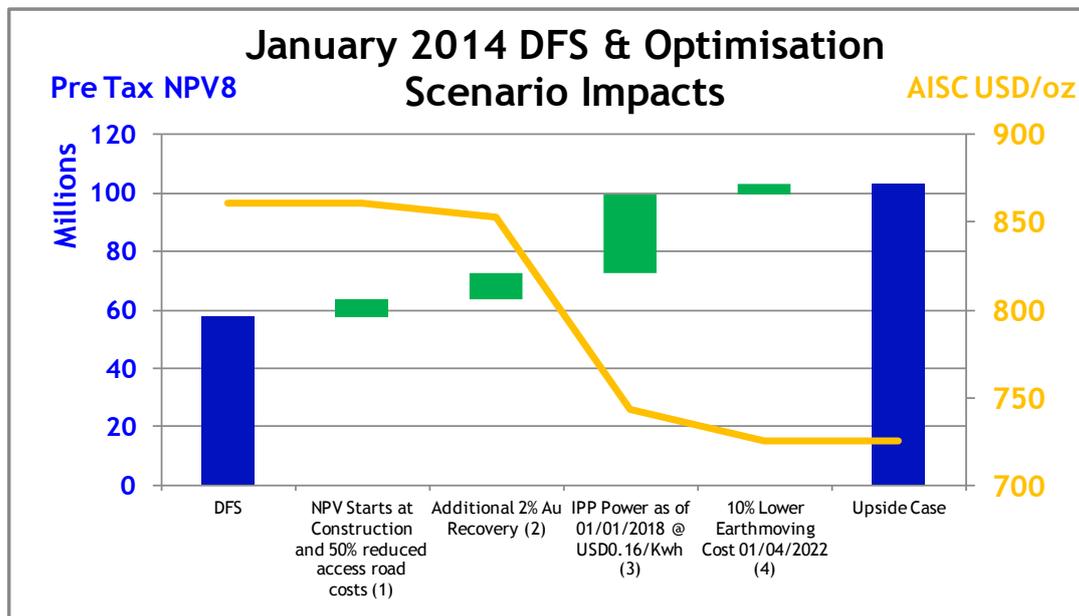
- A GoIFS was submitted during February 2014 comprising technical and financial information in support of the project.

We have participated in 3 meetings with Director General of Minerals & Coal within the Ministry of Energy & Mineral Resources ("MoEMR") related to review of the GoIFS. Our latest plenary session was held 17 July 2014 and the company will subsequently make a further submission for final assessment.

- AMDAL assessment will be used by the Ministry of Environment (KLH) as an instrument for supervision over the project and regional development in the area of the operation. A submission has been made in relation to the 'terms of reference' (KA-ANDAL) for this assessment. We continue to await permission to proceed.
- Forestry or 'Borrow and Use' (Pinjam Pakai) permitting from the Forestry Department must be completed subject to receipt of final permits on the above.

## Feasibility Study Optimisation

The company continues to pursue a number of scenarios that will optimise outcome of the 29 January Feasibility Study. The Optimisation Scenarios presented below demonstrate project sensitivity only and results have not been confirmed to 'Feasibility Study' standard.



(Note: AISC = All in Sustaining Cash Cost)

1. Assumes initial access roadwork and associated land compensation/acquisition performed prior to project construction (~USD5M). (~USD4M remains for additional roadwork and upgrades)
2. Improved geological modelling and further review on Sydney Metcomps indicates a potential opportunity based on Au / As / % Recovery relationship.

Further geological/geometallurgical assessment is under consideration.

3. USD0.16/Kwhr assumes a commercial IPP arrangement. We expect that USD0.11/Kwhr under a PLN arrangement yet to be confirmed (Total Project Power Requirement is 36-40Kwhr/t)

Discussions continue with PT PLN Persero (PLN) in relation to potential power supply for the project. The company is also seeking out other potential alternatives that may substantially reduce operating cost for the project.

4. Lower earthmoving costs are expected due to improved trafficability/productivity as pit moves out of oxide material during Stage 2 (1/4/2022).

The company is reviewing earthmoving and access road construction costs and associated timing to complete construction.

## 3. Hutabargot Prospect

No activity to report

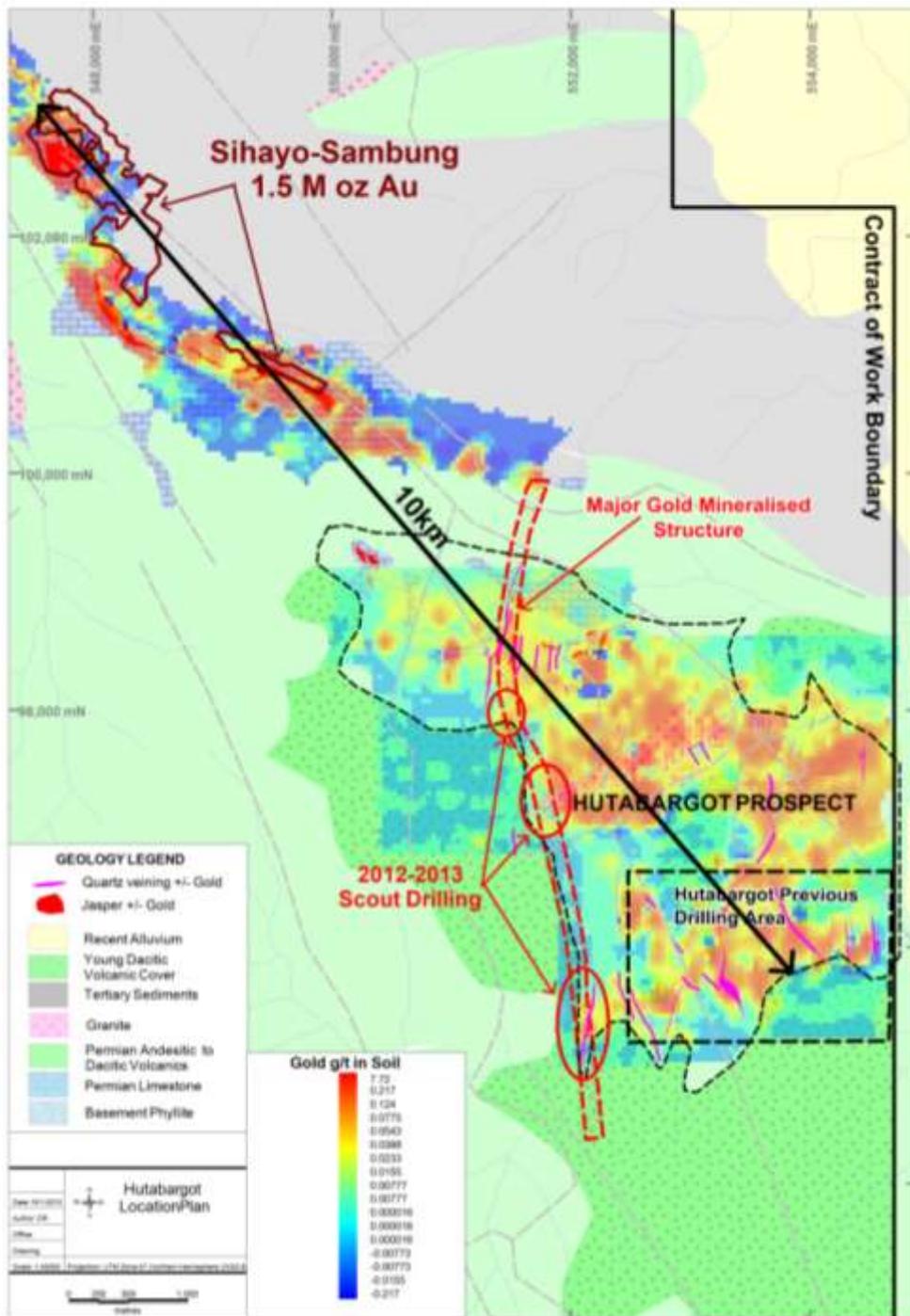


Figure 3: Hutabargot Julu Location

#### 4. Surface Exploration

No activity to report.

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Management continues to work with major shareholders in respect to ongoing funding requirements. The Saratoga and Provident Groups have indicated they remain supportive of the Company.

## **SIHAYO GOLD LIMITED**

**Stuart Gula**  
Managing Director  
31st July 2014

### **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](http://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 2014

#### 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	(936)	(7,271)
1.3 Dividends received		
1.4 Interest and other items of a similar nature received	5	19
1.5 Interest and other costs of finance paid		(13)
1.6 Income taxes paid		
1.7 Other (provide details if material)		
<b>Net Operating Cash Flows</b>	<b>(1,043)</b>	<b>(7,575)</b>
<b>Cash flows related to investing activities</b>		
1.8 Payment for purchases of: (a) prospects (b) equity investments (c) other fixed assets	(11)	28
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>(11)</b>	<b>28</b>
1.13 Total operating and investing cash flows (carried forward)	<b>(1,054)</b>	<b>(7,547)</b>

+ 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)	(1,054)	(7,547)
	<b>Cash flows related to financing activities</b>		
1.14	Proceeds from issues of shares, options, etc.	796	3,940
1.15	Proceeds from sale of forfeited shares		
1.16	Proceeds from borrowings	106	1,805
1.17	Repayment of borrowings		(649)
1.18	Dividends paid		
1.19	Other (provide details if material)	(1)	(157)
	<b>Net financing cash flows</b>	901	4,939
	<b>Net increase (decrease) in cash held</b>	(153)	(2,608)
1.20	Cash at beginning of quarter/year to date	211	2,792
1.21	Exchange rate adjustments to item 1.20	(2)	(128)
1.22	<b>Cash at end of quarter</b>	56	56

### 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	130
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
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+ See chapter 19 for defined terms.

**Appendix 5B**

**Mining exploration entity and oil and gas exploration entity quarterly report**

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- 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
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### 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		
3.2	Credit standby arrangements		

### Estimated cash outflows for next quarter

		\$A'000
4.1	Exploration and evaluation	
4.2	Development	500
4.3	Production	
4.4	Administration	200
<b>Total</b>		<b>700</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	56	211
5.2	Deposits at call		
5.3	Bank overdraft		
5.4	Other (provide details)		
<b>Total: cash at end of quarter (item 1.22)</b>		<b>56</b>	<b>211</b>

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## 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	<b>Preference securities</b> (description)			
7.2	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions			
7.3	<b>+Ordinary securities</b>	1,000,801,331	1,000,801,331	
7.4	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs	66,359,252	66,359,252	
7.5	<b>+Convertible debt securities</b> (description)			

+ See chapter 19 for defined terms.

**Appendix 5B**

**Mining exploration entity and oil and gas exploration entity quarterly report**

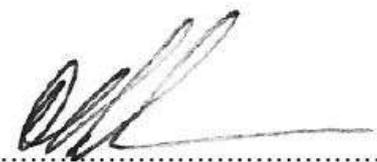
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7.6	Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7	<b>Options</b> (description and conversion factor)			<i>Exercise price</i>	<i>Expiry date</i>
		1,000,000		\$0.125	1/10/2014
		1,000,000		\$0.130	1/10/2014
		1,000,000		\$0.125	1/10/2015
		1,000,000		\$0.130	1/10/2015
7.8	Issued during quarter				
7.9	Exercised during quarter				
7.10	Expired during quarter				
7.11	<b>Debentures</b> (totals only)				
7.12	<b>Unsecured notes</b> (totals only)				

**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:



Date: 31/7/14  
(Director/Company secretary)

Print name: Daniel Nolan.....

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+ 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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