

# Quarterly Activities Report

For the three months ended 30 September 2022

## Summary

During the quarter Sihayo Gold Limited (“**Sihayo**” or “**the Company**”) focused on the continued exploration activities at the Sihayo-Pungkut 7<sup>th</sup> Generation Contract of Work in North Sumatra, Indonesia.

Exploration activities included drilling programs at Sihorbo South, located in the Hutabargot Julu prospect, and at Sihayo where drilling targeted increased definition of high-grade mineralisation located beneath the proposed pit shell for the Sihayo Starter Project.

The Company released a maiden Inferred Mineral Resource estimate for the Sihorbo South epithermal gold-silver vein deposit on 7 September 2022 (“*Hutabargot Julu delivers its Maiden Mineral Resource with Sihorbo South – UPDATED*”). Sihorbo South is located approximately 6 km south of the Sihayo Starter Project and could potentially serve as a satellite mining operation to augment plant feed.

The drilling program at Sihayo comprised a seven-hole 2,216 m program, which was recently completed with results reported to the ASX on 25 October 2022 (“*High-Grade Gold Intercepts from Latest Drilling Program at Sihayo*”). These results contained multiple high-grade gold intercepts and were highly encouraging. A study has been initiated to assess the potential for an underground mining operation at Sihayo.

Sihayo has also continued to advance the High pH (caustic) Leaching opportunity identified during the 2022 Feasibility Study Update (“2022 FSU”). During the quarter multivariate analysis was completed to incorporate the effects of High pH Leaching into the metallurgical recovery model. This indicated that life-of-mine recoveries are expected to increase from the 71.2% used in the 2022 FSU to 80 – 85%. Additional High pH Leaching test work on composite core samples from the latest drilling program at Sihayo was conducted, with results consistent with previous reported test work and the updated metallurgical recovery model.

The Company is now incorporating the updated metallurgical recovery model into revised Ore Reserve estimate and updated economic analysis for the Sihayo Starter Project. Results are expected in early Q1 CY2023.

The Strategic Review Process commenced in early CY2022 has been put on hold as the Company aims to deliver higher value for shareholders through completion of the study work incorporating the impacts of High pH Leaching and underground opportunities. The Company has recently received a US\$1.5 million loan from its largest shareholder, Provident Minerals Pte Ltd, to cover working capital requirements as the Company completes its study work.

### Sihayo Gold Limited

#### ASX code: SIH

6,102,128,090 shares  
AUD 0.25 cents per share  
AUD 15.3 m market cap  
AUD 0.90m cash

### 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

[www.sihayogold.com](http://www.sihayogold.com)

## Highlights

### 1. Exploration

#### a. Hutabargot Julu

- i. A Maiden Inferred Mineral Resource estimate for the Sihorbo South Prospect was announced this quarter (refer to Table 1):
  - o 6.4 million tonnes at 0.5 g/t gold and 17 g/t silver (0.7 g/t gold-equivalent<sup>1</sup>), containing 100,000 ounces of gold and 3,600,000 ounces of silver (150,000 gold-equivalent ounces) at a 0.3 g/t gold-equivalent cut-off  
Includes 1.0 million tonnes at 1.1 g/t gold and 48 g/t silver (1.8 g/t gold-equivalent), containing 38,000 ounces of gold and 1,600,000 ounces of silver (59,000 gold-equivalent ounces) at a 0.9 g/t gold-equivalent cut-off.
- ii. Surface mapping and sampling is in progress on nearby vein targets within the Hutabargot Julu project area with the aim of generating additional drilling targets.

#### b. Sihayo-1

- i. The first stage of drill testing for extensions to deeper high-grade gold-jasperoid mineralisation below the southern end of the planned Sihayo starter pit was completed during the quarter. A total of seven holes (SHDD639-645) were completed for 2,216 m.
- ii. Assay results were received for holes SHDD639 to SHDD644, and preliminary gold results for SHDD645, returning some moderately thick high-grade gold intercepts (refer to Table 2), including:
  - Hole SHDD645 intersected 31.5 m @ 4.29 g/t Au from 259.0 m including 11.1 m @ 7.49 g/t Au
  - Hole SHDD639 intersected 11.1 m @ 3.77 g/t Au from 169.9 m
  - Hole SHDD642 intersected 11.8 m @ 6.98 g/t Au from 98.0 m
  - Hole SHDD644 intersected 10.0 m @ 7.90 g/t Au from 262.0 m
- iii. Additional High pH Leaching CIL test work was conducted on selected fresh mineralised jasperoid samples. This test work was conducted by ALS Metallurgy in Perth on 12 composites comprising 31 individual samples selected from the first four holes (SHDD639-642) in the recently completed drilling program. Results from 10 of the 12 composite samples show High pH Leaching CIL gold recoveries ranging from 63% to 84%, with an average uplift in recovery of approximately 40% on the original LeachWELL results, representing a 130% increase in gold recovered.
- iv. Drill rig remains on site on temporary standby while planning is in progress for the next stage of drilling.

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<sup>1</sup> Gold-equivalent (AuEq) is based on the formula  $AuEq (g/t) = Au g/t + (Ag g/t / 75)$   
The AuEq formula assumes gold and silver prices of US\$1,840/oz Au and US\$24.6/oz Ag, averaged over the past two years, and similar recoveries for gold and silver based on historic LeachWELL results.

## 2. Sihayo Starter Project

- a. Multivariate analysis has been undertaken incorporating High pH (caustic) Leaching into the metallurgical recovery model. Initial investigations of the updated recovery model indicate life of mine recoveries are likely to increase from the 71.2% assumed in the 2022 FSU to 80 – 85%. Study work has commenced to incorporate High pH Leaching into the project design, with updated Ore Reserves and project economics expected to be released in early Q1 CY2023
- b. Study work has been initiated to investigate underground mining at Sihayo to augment feed for the processing plant at the Sihayo Starter Project
- c. Progressing permits and approvals including the AMDAL (environmental permit).

## 3. Corporate

- a. Strategic Review Process has been placed on hold while the Company looks to add value through study work and exploration activities
- b. The Company has recently received a US\$1.5 million loan from its largest shareholder, Provident Minerals Pte Ltd

## September 2022 Quarter Overview

Thursday, 27 October 2022 – The Company is pleased to report on its activities for the three months to 30 September 2022.

### Health, Safety & Environment

Although new COVID-19 case numbers have significantly reduced in Indonesia during the quarter, 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 three months to the end of the September quarter for FY2023.

### Exploration

The Company continued its three-tiered approach to exploration, including Hutabargot Julu, Sihayo near-mine and broader target generation across the Contract of Work (“CoW”).

Gold-silver resource modelling of the Sihorbo South vein system was completed during the quarter, and a Maiden Resource estimate was released in the announcement titled “*Hutabargot Julu delivers its Maiden Mineral Resource with Sihorbo South – UPDATED*” on 7 September 2022 (refer to Table 1). This mineral resource will be assessed at a concept study level for incorporation into the Sihayo Starter Project as a potential satellite operation.

**Table 1: Hutabargot Julu Project – Sihorbo South Prospect  
– Maiden Inferred Mineral Resource Estimate**

Cut-Off Grade AuEq g/t	Dry tonnes (million)	Au grade g/t	Ag grade g/t	AuEq grade g/t	Au ounces (thousands)	Ag ounces (thousands)	AuEq ounces (thousands)
0.3	6.4	0.5	17	0.7	100	3,600	150
0.7	2.0	0.8	33	1.3	56	2,200	85
0.9	1.0	1.1	48	1.8	38	1,600	59

Notes: 1. Figures may not sum due to rounding. 2. Significant figures do not imply an added level of precision  
3. See Footnote 1 on Page 2 for an explanation of the Gold-Equivalent (AuEq).

Surface mapping and sampling are in progress on nearby vein targets within the Hutabargot Julu project area with the aim of generating additional drilling targets. This work is focusing on potential strike-extensions to the Sihorbo South vein system and on parallel vein targets located further to the east and north-east of this prospect.

The first stage of drill testing below the southern end of the planned Sihayo starter pit was completed during the quarter. A total of seven holes (SHDD639-645) were drilled for 2,216 m. This program was testing for continuity to, and potential open-extensions from, deeper higher-grade gold-jasperoid mineralization identified in previous drilling at the southern end of the Sihayo gold resource, and for potential high-grade feeder zones “linking” and located beneath the stratabound mineralised zones. The drill holes intersected significant thicknesses of jasperoid mineralisation within the targeted

zones and highlight potential extensions to the deeper high-grade mineralisation. Final assay results were received for five holes (SHDD639-644) late in the quarter and preliminary gold results received for SHDD645. Results from High pH (caustic) Leach testing on composites from this drilling program are consistent with and validate the new caustic leach recovery model.

The Company released results from this latest drilling and test work at Sihayo in the announcement titled “*High-Grade Gold Intercepts from Latest Drilling Program at Sihayo*” on 25 October 2022. A summary is presented in Table 2.

**Table 2: 2022 Sihayo Drilling Program Summary of High-Grade Gold Intercepts**

Hole ID	From (m)	To (m)	Length (m)	Au (g/t)	True Width (m)	Comment
<b>SHDD639</b>	169.90	181.00	11.10	3.77	10	Infill hole
<b>Including</b>	173.00	174.00	1.00	7.12		
<b>SHDD641</b>	250.50	264.00	13.50	3.26	12	Extension
<b>including</b>	258.50	259.50	1.00	7.69		
<b>SHDD642</b>	98.00	109.80	11.80	6.98	10	Infill hole
<b>Including</b>	101.00	104.00	3.00	13.00		
<b>SHDD644</b>	262.00	272.00	10.00	7.90	9	Extension
<b>Including</b>	263.00	265.00	2.00	14.15		
	304.00	315.00	11.00	2.22	10	
<b>Including</b>	304.00	306.00	2.00	3.50		
<b>SHDD645</b>	259.00	290.50	31.50	4.29	27	Extension
<b>Including</b>	268.00	279.10	11.10	7.49	10	

Notes: 1) Intercepts reported at 0.3 g/t Au cut-off and up to 4 m internal dilution  
2) Gold results for hole SHDD645 are preliminary results but have passed internal QAQC checks

The drill rig remains on site on temporary standby while planning is in progress for the next stage of drilling.

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. Encouraging gold, silver and base metal results from initial prospecting and surface rock sampling at Tambang Tinggi and surrounding prospects within the northeast corner on the South Block of the CoW were released in the December 2021 and March 2022 quarters. Prospecting and surface sampling continued in the current quarter with additional results expected to be released during the next quarter.

## Sihayo Starter Project

### Permitting

The Company is currently preparing its submission for the AMDAL (environmental permit) as well as design work for the Tailings Storage Facility required for permitting through the Indonesian Dam Safety Committee. The IPPKH Operation (Forestry Permit) will be progressed once the Company has received approval for its AMDAL.

## Geometallurgical Modelling Update

As advised in previous Company updates, most recently “Final Results Received from High pH Pre-leaching Test Work” dated 5 July 2022, the Company has completed a metallurgical test work program assessing the introduction of a high pH leaching phase in the processing flow sheet to improve metallurgical recoveries. This test work, comprising 72 samples, demonstrated that high pH leaching produced significant uplifts in metallurgical recoveries for the transition and fresh ore at the Sihayo Starter Project. Indications are that overall metallurgical recoveries could be improved from the 71% assumed in the 2022 FSU to recoveries of 80 – 85%.

Sihayo has since engaged AMC Consultants Pty Ltd (“AMC”) to update the metallurgical recovery function employed in mine optimisation and scheduling underpinning the production forecast for the Project. An updated metallurgical recovery function has now been developed and is currently being used to update pit optimisations, Ore Reserve estimates and ultimately the economic analysis for the Project. Sihayo expects to release an updated Ore Reserve estimate and addendum to the 2022 FSU dearyly in Q1 CY2023.

Sihayo has also conducted high pH leaching test work on samples from its recent Sihayo beneath pit drilling program to confirm the predictive ability of the new recovery model, as reported in the announcement “*High-Grade Gold Intercepts from Latest Drilling Program at Sihayo*” dated 25 October 2022. Results from this test work are consistent with previous results and confirm the updated metallurgical recovery model.

## Corporate and Finance

### Financing

As at 30 September 2022, Sihayo had approximately \$902,000 cash on hand. On 21 October 2022 the Company has secured a US\$1.5 million loan from its largest shareholder, Provident Minerals Pte Ltd. The additional funding will be used by the Company to complete study work incorporating the benefits of the high pH leaching into the design of the Project as well as the study for underground mining.

### Strategic Review Process

In February 2022 Sihayo announced the commencement of a Strategic Review process aimed at providing a pathway for funding construction for the Sihayo Starter Project or a transaction that delivers value for Sihayo’s shareholders. While Sihayo received interest from several parties, the Board did not view any offers received as reflective of the underlying value for the Project. In light of the recent high pH leaching results and emerging exploration potential on the Contract of Work. The Company now aims to complete its planned study work incorporating the impacts of high pH leaching as well as underground mining potential before re-assessing long term funding options.

## 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 <sup>2</sup>	9 <sup>2</sup>
<u>Sihayo Gold Limited, Australia</u>					
Mt Keith	M53/490	11/06/04	10/06/25	589 ha	0 <sup>3</sup>
	M53/491	11/06/04	10/06/25	620 ha	0 <sup>2</sup>
<u>Excelsior Resources Limited, Australia</u>					
Mulgabbie	M28/364	25/03/09	24/03/30	54.6 ha	02 <sup>2</sup>

## Related Party Disclosures

Sihayo also discloses the following payments to related parties during the quarter ended 30 September 2022.

Description	Fees paid
Payment of fees and consulting fees to Directors	92,449
Payment of office rent and executive assistant services to Colin Moorhead & Associates Pty Ltd (an entity associated with Chairman, C. Moorhead)	9,915
<b>Total</b>	<b>102,364</b>

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

### For further information, please contact:

**Colin Moorhead**  
Executive Chairman

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Chief Financial Officer

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<sup>2</sup> Sihayo has an option to increase to 18%

<sup>3</sup> Sihayo entitled to a 2% net smelter royalty