SIHAYO GOLD PROJECT
Feasibility Study Completion

3 August 2018

The Board of Sihayo Gold Limited ("Sihayo" or "the Company") is pleased to announce the completion of the updated Feasibility Study ("the Feasibility") for its' 75% owned Sihayo Gold Project, located in North Sumatra, Indonesia.

HIGHLIGHTS

- **1.6M oz Mineral Resource Estimate is ~15% higher than previous 1.4M oz.**
- **761K oz Mining Reserve is ~40% higher than previous 554K oz.**
- **Resource & Reserve Estimates have been prepared in accordance JORC Code 2012 Edition and Guidelines.**
- **683K oz recovered over 7.5 year 'Life of Mine' (LOM) is ~60% higher than previous 427K oz.**
- **13.4M ore tonnes mined at 2.1 g/t Au average grade and 4.4 (waste:ore) strip ratio.**
- **Processing rate of 1.5M – 2.0M tonnes p.a. at an average recovery of 74% delivers ~91k oz p.a. over LOM**
- **Construction Capital estimate of USD153M (before contingency)**
- **Average Site Operating Costs of USD551/oz is ~29% lower than previous USD775/oz**
- **NPV of USD 111m @ 8%**
    - **after taxes**
    - **after royalties**
    - **assuming gold price of USD 1,300/oz**

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HISTORY

A previous 'Maiden' Ore Reserve and Feasibility Study was announced by the Company on 29th January 2014. This project did not proceed for funding at the time however major permitting required by the Republic of Indonesia was completed.

The Company sought to update the 2014 Feasibility Study due to significant and substantial movements in several parameters which includes the following:

- Improved certainty and availability of grid power
- Significant reduction in fuel costs
- Higher confidence level in owner mining costs
- Process flowsheet enhancements and lower cost processing plant technology

The revised study commenced in mid 2017 and included a complete review of

- Tailing Storage Facility (TSF) options
- Mine sequencing/schedule
- Access road location/design
- Geological/Resource models
- Process plant design.

Location of Sihayo Pungkut Gold Project

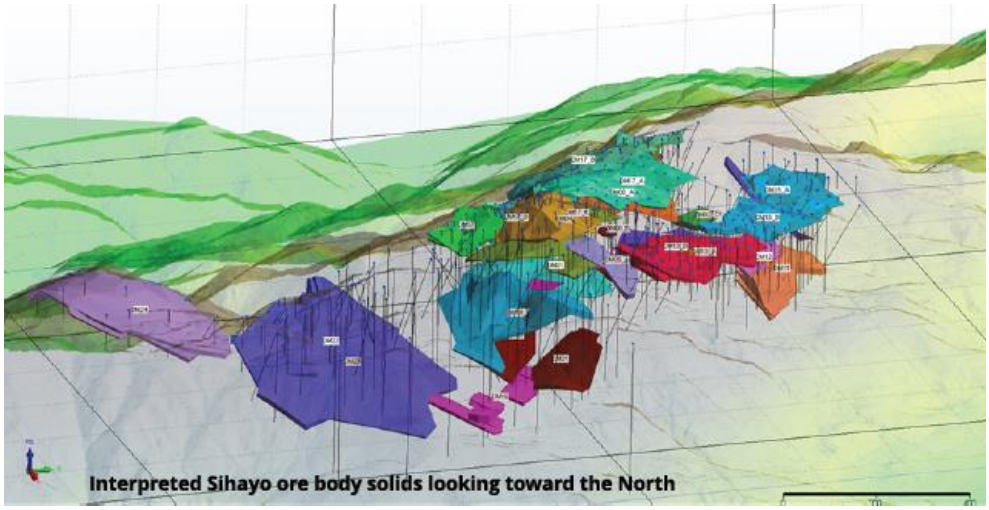
KEY OUTCOMES

Mineral Resource Estimate

The Mineral Resource Estimate has been prepared and signed off by the PT Sorikmas Mining geology team. The JORC Table 1 is available on the Company website www.sihayogold.com.

Mineral Resource Estimate Category	Tonnes (000)t	Grade Au (g/t)	Contained Gold ('000oz)
Measured	1,875	2.0	120
Indicated	13,753	2.2	972
Inferred	7,771	2.0	492
Total	**23,399**	**2.1**	**1,585**

(Note: Mineral Resource Estimate quoted at 0.6 g/t Au Cut-off)



Updated 3D Geological Model incorporates 24 Domains

Ore Reserve

The updated Ore Reserve is as follows and has been prepared by Entech Pty Ltd. The JORC Table 1 is available on the Company website www.sihayogold.com.

Ore Reserve Category	Tonnes (000)t	Grade Au (g/t)	Contained Gold ('000oz)
Proved	2,091	1.8	119
Probable	9,300	2.1	643
Total	**11,391**	**2.1**	**761**

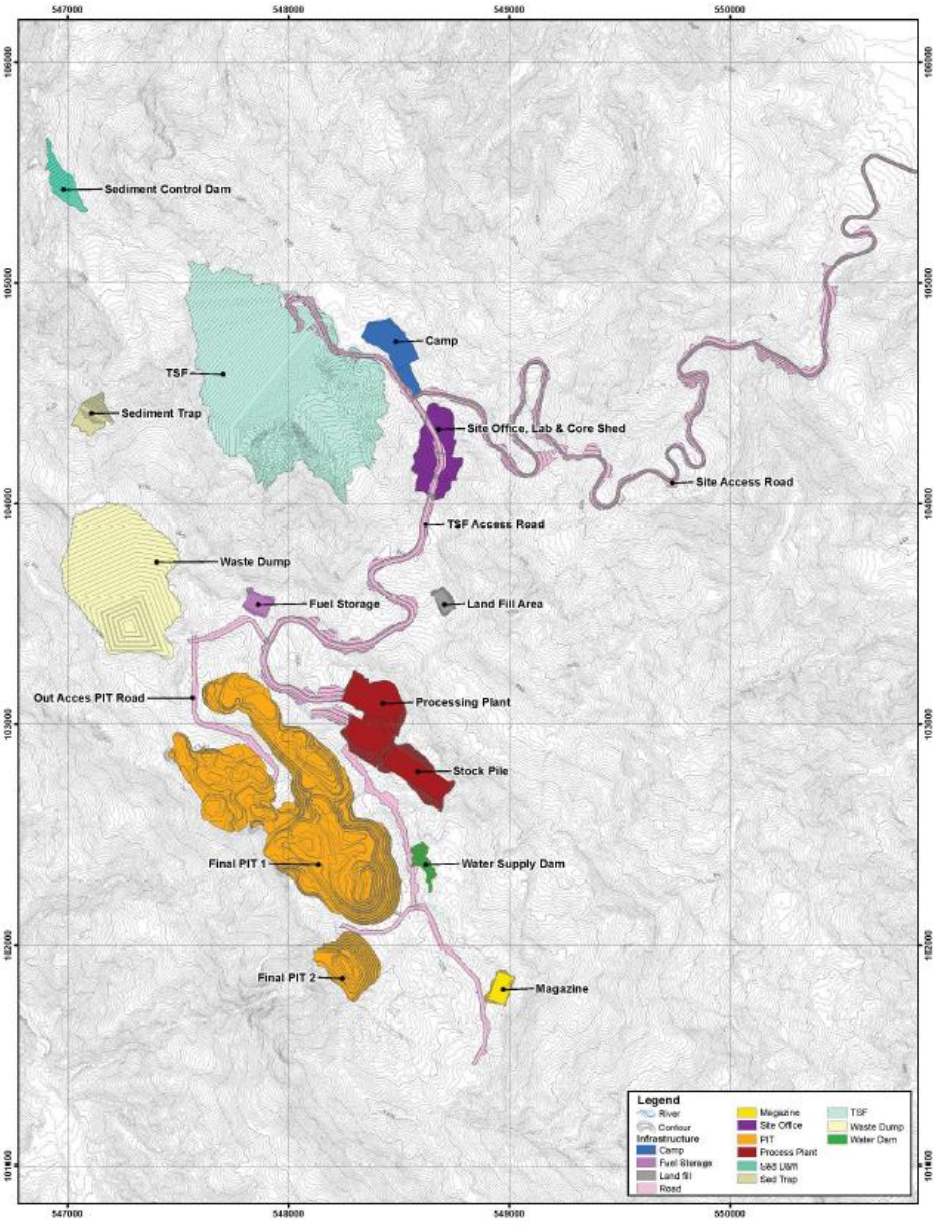
Mining

The Feasibility is based on a production rate of approximately 91k oz pa, using an owner mining and management concept to reduce operating costs.

Mining costs have been calculated from first principles, and benchmarked against comparable mines in Indonesia.

Given the terrain, some terrace mining will be required. Mine designs represent the final open pit extents including main haul access routes and assumes internal temporary ramps will be implemented to achieve the final open pit extents.

Mining will be by conventional open pit mining methods (drill, blast, load and haul) by an owner operator mining fleet utilising 50t excavators, and 38t Articulated Dump Trucks (ADT).



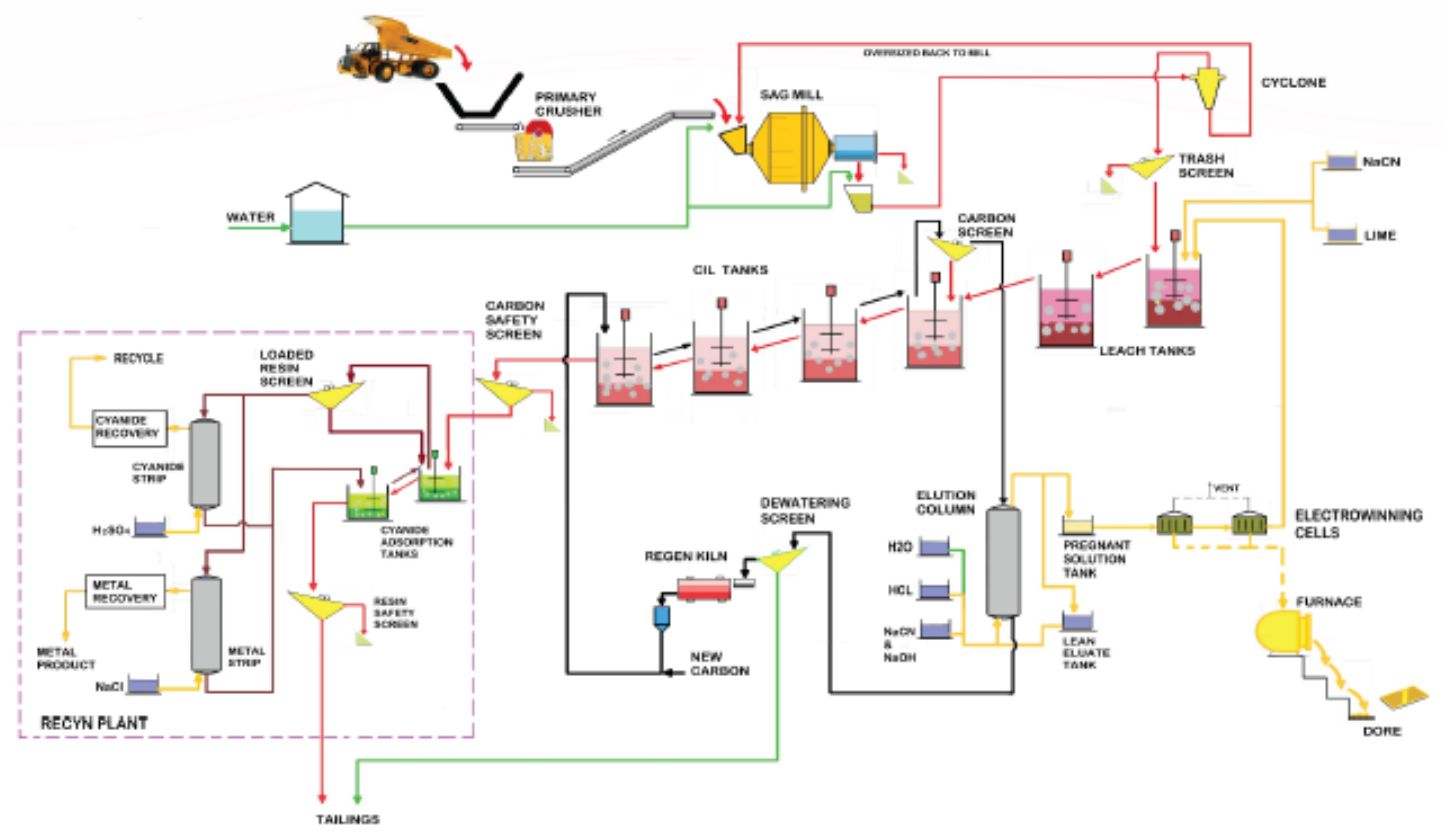
General Site Layout

Processing

Ore processing will be by a conventional CIL circuit but will include a ReCYN plant for recovery of reagents and detoxification. The throughput of the plant will vary dependent on the ore type being processed.

Material Type	Mill Throughput (Mtpa)
Oxide (Soft)	2.00
Transitional	1.75
Fresh (Hard)	1.50

The ore body has historically been metallurgically challenging. The 2018 study team has reviewed all previous metallurgical studies in detail and conducted additional testing.



Process Plant Overview

Leachwell assays were applied to the 24 geological domains defined in the geological model. At the completion of the study the expected recoveries average 74% within the existing pitshell. Additional work will be done during permitting and construction phases to enhance the understanding of the complex geology of the ore body.

Services and Infrastructure

Power

Perusahaan Listrik Negara (PLN) have offered availability of power now available from the grid in Sumatra. This grid power is significantly more cost effective than diesel power considered in the 2014 study.

Tailings Storage Facility (TSF)
After reviewing the previous strategy for tailings storage and conducting further study, a wet storage solution is considered a more viable option from an operational and financial viewpoint.

Environmental and Social

Previous Baseline studies to establish environmental and social impacts are considered valid. The Company will be required to submit amended environmental reports and applications based on the changes to the boundaries of the work area in this study. This process is underway and is expected to be completed during 2018.

The project workforce is expected to be mainly sourced from the local area. Commute workers will be accommodated in the Sihayo mine camp located on the Contract of Work (CoW). Access to the project will be via a Site Access Road within the boundaries of the CoW.

Financial

Capital Costs	
USDm	
Owners costs	13.3
Process Plant	21.6
Infrastructure and Services	22.9
Access Road, Tailings Storage facility, Earthworks	32.7
EPC	36.0
Mobile Equipment	26.3
Sustaining Capex	5.0
Total Capital costs (excluding contingency)	**157.8**

Operating Costs	
USD/Recovered oz	
Mining	247.8
Processing	225.9
Site and Regional Admin	77.7
Total C1 costs (LOM)	**551.4**
plus	
Corporate cost	42.2
Royalties	48.7
Sustaining Capex	7.3
All in sustaining cost	**649.6**

Next Steps

The company will now work with the major shareholders to determine options to finance the project. Approaches will also be made to potential sources of project financing.

There will be a requirement to submit amendments to the existing approved Government of Indonesia Feasibility Study and the AMDAL (environmental) permit. Work has commenced and is expected to be complete during 2018.

Work has already commenced to identify tasks that can be undertaken while awaiting funding and permitting completion. These may include roadworks outside the CoW and land compensation.

Work will continue to further optimise the

- Mining schedule,
- Processing methodologies,
- Access roads and ramps and
- Fleet requirements

The Company will provide further updates as progress is made towards entering the construction phase of the project.

Yours faithfully,

SIHAYO GOLD LIMITED

Malcolm Paterson
Chief Executive Officer
3 August 2018

Competent Persons Statements

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.

Sihayo Resource *Information that relates to Mineral Resource Estimates at the Sihayo project is based on information compiled by or under the supervision of Mr Tony Mcdougall, who is the Principal Geologist at PT Sorikmas Mining. Mr Mcdougall 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 an Independent Competent Person as defined in the 2012 edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves' (CP JORC). Mr Mcdougall is a Member of MAusIMM and a full time employee of PT Sorikmas Mining. Mr Mcdougall consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.*

Sihayo Reserve

Information that relates to Ore Reserves at Sihayo is based on information compiled by or under the supervision of Mr Shane McLeay, who is a Principal Mining Engineer at Entech Pty Ltd and provided to PT Sorikmas Mining. Mr McLeay 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 an Independent Competent Person as defined in the 2012 edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr McLeay is a Fellow of the Australasian Institute of Mining and Metallurgy and a full time employee of Entech Pty Ltd. Mr McLeay consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.