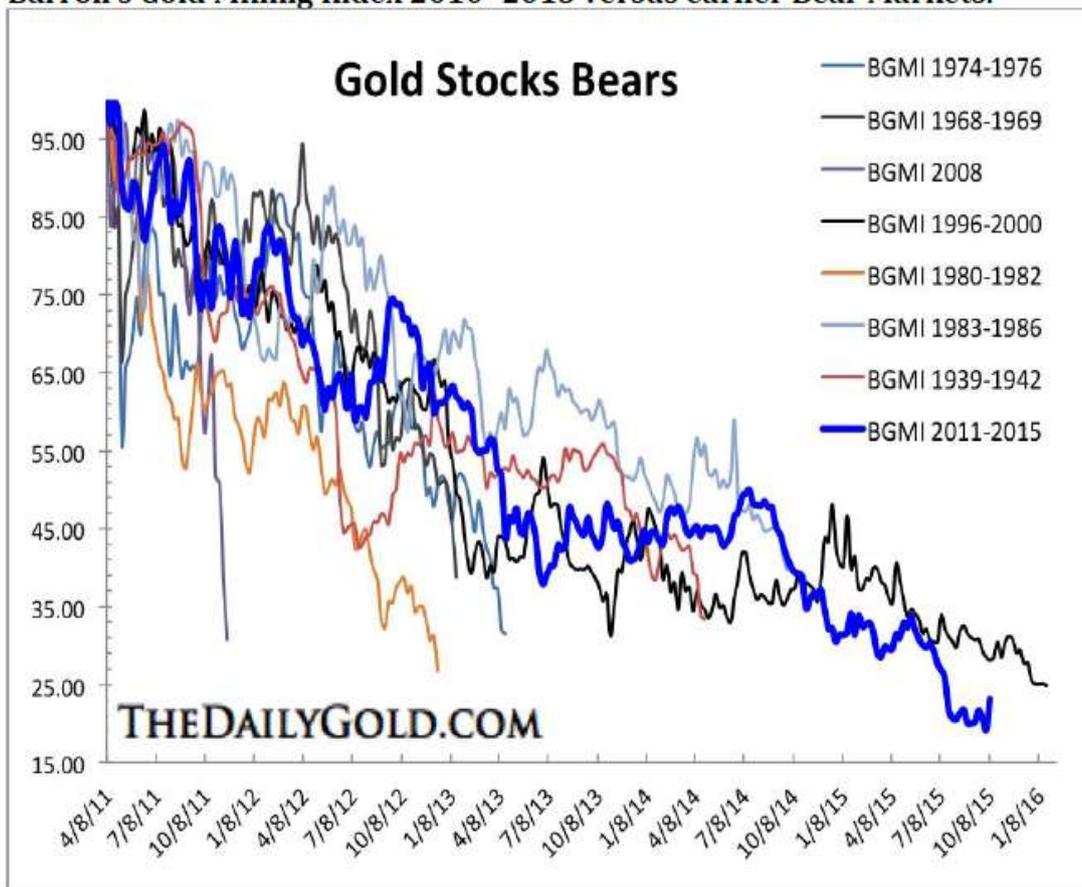


## Annual General Meeting Chairman's Address

The past 12 months has extended the trend of the previous four years further, with the environment for gold and particularly gold equities remaining highly challenging.

As the chart below shows, the market for gold equities is the worst on record in terms of percentage declines and very close to the worst in duration too.

**Barron's Gold Mining Index 2010 -2015 versus earlier Bear Markets.**



At Sihayo Gold we have worked to navigate such difficult market conditions by keeping our costs as low as possible and continuing to progress our project to a point a commercial decision to proceed could be made.

The regulatory process for environmental approvals in Indonesia has been significantly more protracted than we expected, even with the assistance of the in-country resources of our major shareholder. We are pleased to be able to announce that as of yesterday we have now received our AMDAL and Environment Permit. This allows us to move to final stage of permitting involving construction and forestry permits. The delays in permitting have allowed us to gain extensions in the contract of work "feasibility phase".



This will assist in providing time to position the project for the prevailing gold price environment. Delivering outcomes on this potential will be a key point of focus for the next 12 months.

Importantly, the Sihayo-Pungkut project maintains substantial positive gold price leverage and optionality. There are significant gold resources defined which do not fit into the current feasibility study which would become economic to process at higher gold prices. The broader contract of work exploration potential is also world class and largely untapped. We have been activity exploring avenues and strategies to deliver on exploration potential in a difficult financing environment.

I note that for the past year, our major shareholder has again been instrumental in delivering ongoing funding for the company and its operations. We are particularly fortunate and appreciative of this ongoing support. We have also been cognizant of the impact of equity dilution on our shareholders during this period of low equity prices which has been a significant driver in keeping our costs as low as possible.

As a fellow shareholder, I share the feelings of disappointing and frustration as a result of extremely difficult gold equity market conditions and poor share price performance of Sihayo Gold. Despite this backdrop, I do not believe the last five years will be representative of the future. Instead, I see a company with a solid project which has been well defined with a substantial body of technical work and ongoing potential for further improvement together with some of the most prospective exploration tenure anywhere in the world. I thank our shareholders for their ongoing support and wish to again emphasize we have not lost sight of our goal to take the positive company fundamentals forward in the best and most effective manner to deliver our owners with a positive financial return.

To conclude, I wish to again thank our employees and my fellow directors for their efforts over the past twelve months. Despite a difficult backdrop, I believe we have been effective at balancing the need to continue to move the company forward and optimize the Sihayo-Pungkut project whilst also keeping costs as a low as possible.

Yours sincerely,

Misha Anthony Collins