
2014 ANNUAL REPORT



ABN 77 009 241 374

“BUILDING A SUCCESSFUL INDONESIAN GOLD COMPANY”

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CORPORATE DIRECTORY

Directors	Misha A Collins <i>C.F.A</i> (Chairman) Gavin Caudle (Non Executive Director) Stuart Gula (Managing Director) Daniel Nolan (Executive Director)
Chief Executive Officer	Stuart Gula
Company Secretary	Daniel Nolan
Registered Office and Business Address	C/-McCullough Robertson 11/66 Eagle St, Brisbane QLD 4000 Telephone: 0427 401198 Facsimile: (07) 33993172 E-mail: sihayogold@sihayogold.com Web: www.sihayogold.com
Share Registry	Security Transfer Share Registry Pty Ltd 770 Canning Highway Applecross WA 6153 Telephone: (08) 9315 2333 Facsimile: (08) 9315 2233
Home Exchange	Australian Securities Exchange (Perth) Limited Level 40, Central Park 152-158 St George's Terrace Perth WA 6000
Auditors	Stantons International Audit and Consulting Pty Ltd Level 2 / 1 Walker Avenue West Perth WA 6005
Solicitors	Williams & Hughes 25 Richardson Street West Perth WA 6005
Bankers	ANZ Banking 111 Eagle St, Brisbane, QLD. 4000

Sihayo Gold Limited is a company limited by shares, incorporated and domiciled in Australia.

CHAIRMAN'S REVIEW

Dear Shareholders,

The last twelve months has seen particularly difficult market conditions in the precious metals sector, with sustained low commodity prices and a lack of investor interest. The combination of these factors has led to depressed share prices across the industry and created difficulties for many companies to source equity financing. Sihayo Gold has been fortunate and thankful to have continuing support from major shareholders in providing ongoing equity finance which has allowed us to continue to make progress on the Sihayo Pungkut Gold Project.

Key achievements during the period include:

- Extension of the Feasibility Study period provided for in the Contract of Work;
- Conclusion of feasibility studies on the Project and announcement of our 'maiden' ore reserve;
- Submission of the Government of Indonesia Feasibility Study;
- Submission of the 'term of reference' environment study (KA-ANDAL) to the Environment Department in preparation for completion of the Environmental and Social Impact Assessment (AMDAL);
- Early engagement with debt financiers and preliminary discussions around project financing options; and
- Significant reductions in the cost base in order to minimise cash burn rates.

Although field activities have been limited during the period, progress made on the permitting and approvals is critical in moving the project to a point where a financing decision could be made.

Optimisation scenarios of the January 2014 Feasibility Study have shown several areas which may yield improvements in financial returns. Of particular interest and significance to shareholders is the potential to source lower cost electricity from the state electrical provider (PLN). We are hopeful that a combination of investment in generating infrastructure in North Sumatra and some stability after the recent Presidential elections will allow us to formalise an agreement for the supply of power to the project.

We remain enthusiastic about the exploration results at the Hutabargot prospect, which is within 10km of the Project, and the opportunity to resume exploration fieldwork in this zone as well as other areas within the CoW that remain as highly prospective targets for future exploration.

Despite current difficult prevailing conditions, we remain optimistic on the potential for the Sihayo Pungkut Project and believe we will deliver a producing mine in due course. We also believe the outlook for gold prices is positive and that the current cyclical bear market in the sector is close to an end.

On behalf of the directors of the Company I would like to thank our management, employees and contractors for their efforts and commitment throughout the year and also to our shareholders for their continued support. I would also like to thank outgoing directors Mr Peter Bilbe and Mr John Blake for their contributions over their tenure at the company, their expertise will be missed.



Misha Collins

Chairman

REVIEW OF OPERATIONS

Sihayo Pungkut Gold Project (75%)

The Sihayo Pungkut Gold Project (“Sihayo Pungkut”) is held under a 7th Generation Contract of Work (“CoW”). The CoW is the highest standing legal tenure achievable in the Indonesian mining industry.

The COW describes in detail the rights and obligations of both the Company and the Government during the term of the COW. Our COW is currently in the Feasibility Study Phase as we progress through statutory permitting and approvals that will allow progress to the Construction Phase followed by a 30 year Production Phase. At the end of the Production Phase the Company has the right to two by ten year extensions under the prevailing Indonesian Mining Law.

Sihayo Pungkut is owned by PT Sorikmas Mining (“Sorikmas”), which is 75% owned by Sihayo Gold Limited (“Sihayo”) and 25% by PT Aneka Tambang Tbk (“Antam”). Sihayo is responsible for 100% of the exploration and development funding of Sorikmas until the commencement of production. The funding is by way of loans to Sorikmas and under the terms of the Loan Agreement, Antam is required to repay its share of loans to Sihayo or other lenders to Sorikmas, from 80% of its attributable share of available cash flow from production, until its 25% share of the loans are repaid in full.

The current Sihayo Pungkut JORC Code (2012 Edition) Mineral Resource Estimate which was revised by Helman & Scholfield Consultants Pty Ltd (H&SC) in June 2013 stands at 16.9 Mt at 2.6 g/t for 1.4 Moz comprising the larger Sihayo Resource and the smaller Sambung Resource with approximately 75% of the total resource contained within the JORC Measured & Indicated Category.¹

Indicated and Measured Resources at Sihayo only have been converted to JORC Code (2012 Edition) Ore Reserves by Entech Pty Ltd containing 7.14Mt at 2.4g/t for 554,000oz.²

¹ The Sihayo and Sambung deposits Mineral Resource Estimate was previously announced June 17, 2013 and no material changes have occurred.

² The Sihayo Ore Reserve was previously announced January 29, 2014 and no material changes have occurred.

REVIEW OF OPERATIONS

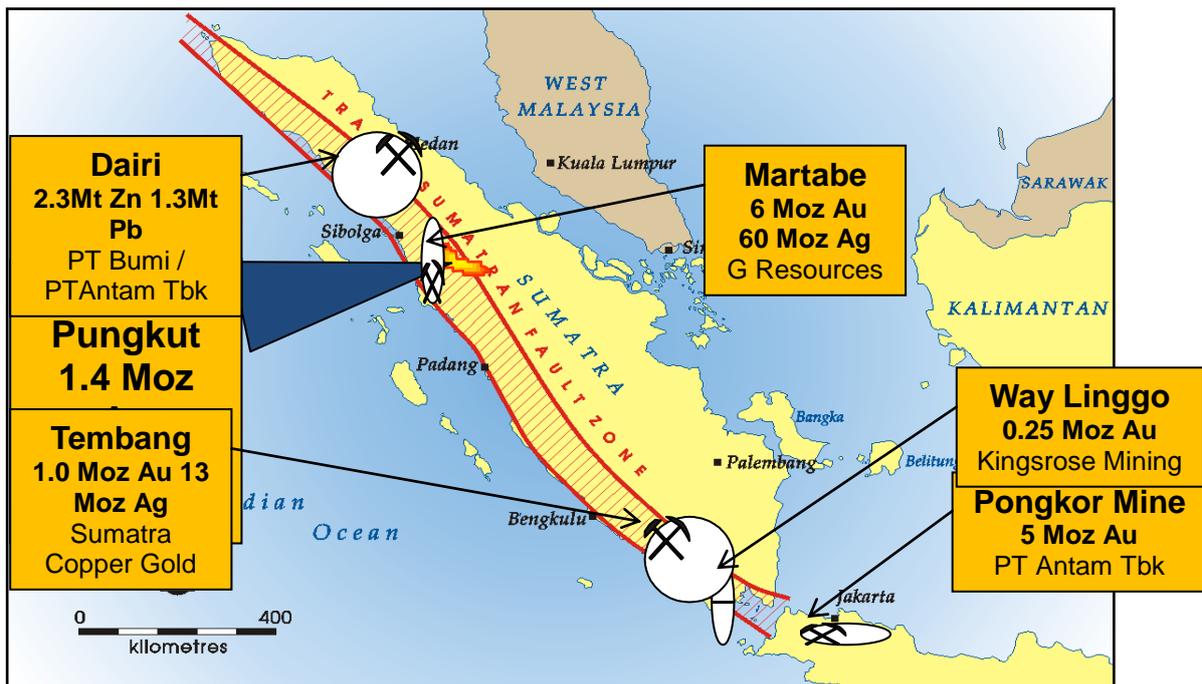


Figure 1: Significant Indonesian mineral deposits including the Sihayo Pungkut Gold Deposit

The current Sihayo Pungkut **JORC Compliant Resource** which was revised by Helman & Scholfield Consultants Pty Ltd (H&SC) in June 2013 stands at **16.9 Mt at 2.6 g/t for 1.4 Moz** comprising the larger Sihayo Resource and the smaller Sambung Resource with approximately 75% of the total resource contained within the JORC Measured & Indicated Category.

Sihayo Pungkut – Geology

Sihayo Pungkut is located along the Trans Sumatra Fault Zone (“TSFZ”) and associated Neogene Magmatic Arc (“NMA”), which is the result of an oblique collision of two tectonic plates and associated subduction. A complex suite of Permian volcanics and sediments, intruded by Jurassic and Cretaceous intrusive plutons, subsequently juxtaposed or overlain by Tertiary to recent volcanics, intrusives, and sediments comprises the broader COW area (refer to Figure 2).

REVIEW OF OPERATIONS

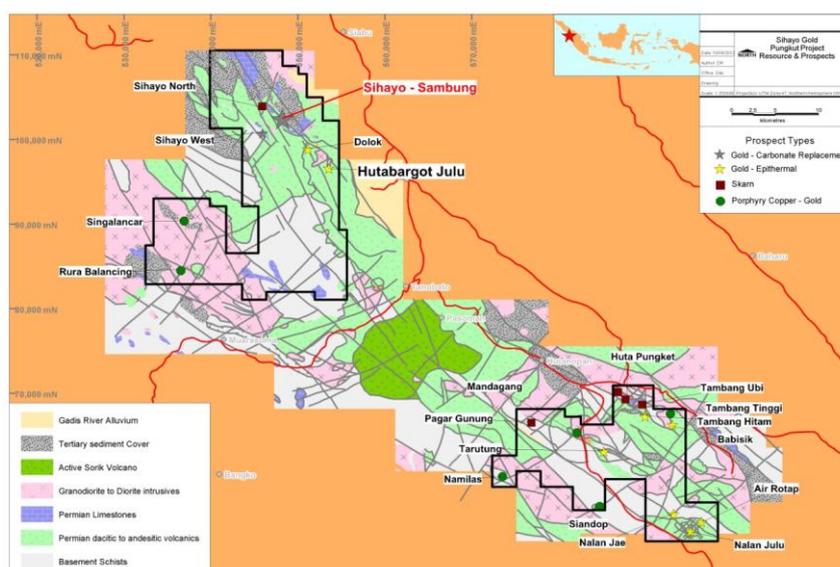


Figure 2: Sihayo Pungket Gold Project – JORC Resource, key prospects and regional geology

The TSFZ has provided the plumbing and heat mechanisms to source, transport and deposit metals in favourable settings. The TSFZ is a major under explored corridor that boasts world class resources such as the Martabe Gold/Silver Deposit. Similar tectonic settings in the Philippines (Philippine’s Fault) and Chile (Atacama Fault) are analogous to the TSFZ and host major gold and copper deposits.

By any measure, Sihayo Pungket is located in a world class geological address.

The Sihayo and Sambung deposit Mineral Resource Estimates are based upon review and work undertaken by H&S Consultants Pty Ltd¹. The relevant JORC 2012 Table 1 is available on the Company website.

Resource	Tonnage (Mt)	Grade Au (g/t)	Contained Gold ounces	JORC Classification	Au Cut-off grade (g/t)
SIHAYO	15.3	2.7	1,322,000	Measured & Indicated & Inferred	1.2
SAMBUNG	1.6	2.0	102,000	Measured & Indicated & Inferred	1.2
TOTAL	16.9	2.6	1,424,000	Measured & Indicated & Inferred	1.2

“Above figures may not sum due to rounding. Significant figures do not imply an added level of precision”

Table 1: JORC Code (2012 Edition) Mineral Resource Estimate revised by Helman & Scholfield Consultants Pty Ltd (H&SC) in June 2013¹

REVIEW OF OPERATIONS

In addition to the current JORC Code (2012 Edition) Mineral Resource Estimate of 1.4 Moz Au, there are over twenty (20) identified prospects of carbonate-hosted gold, low to intermediate sulphidation epithermal vein gold; gold-copper skarn, copper-gold porphyry, and lead-zinc skarn style mineralisation spread across the highly prospective COW area and these prospects will be the subject of future exploration activities.

Figure 2 shows the location of the Sihayo - Sambung Resources and key exploration prospects across the COW that support an opportunity for significant exploration potential for ongoing potential project generation illustrated in Figure 3 below.

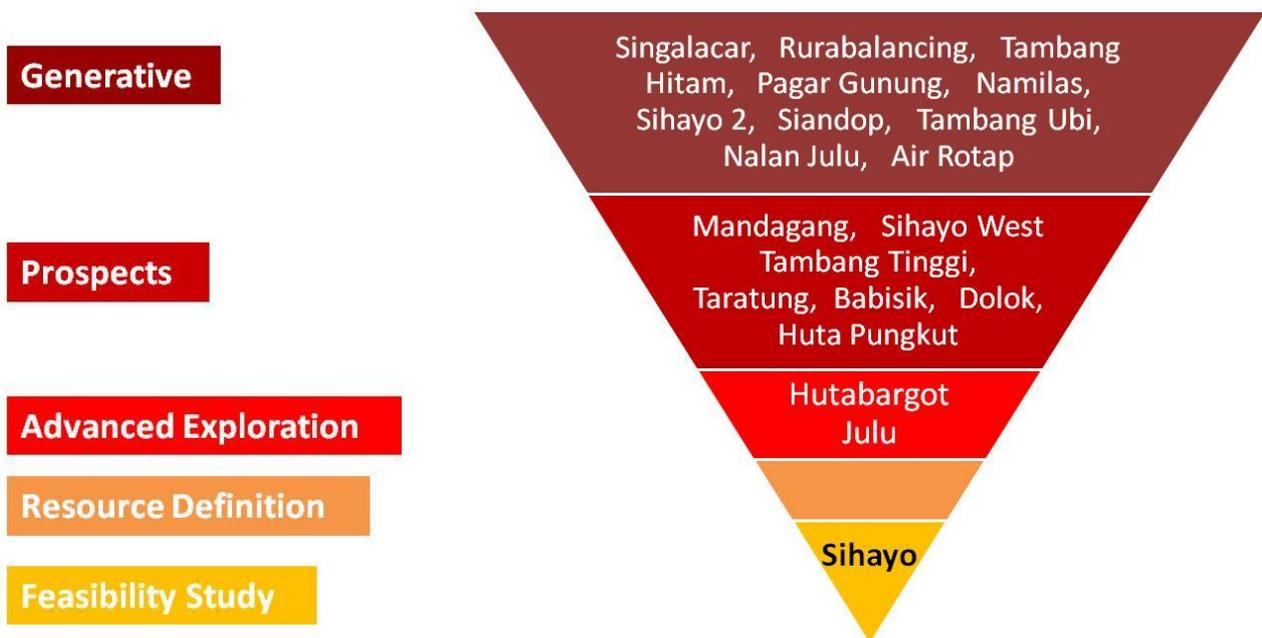


Figure 3: Sihayo Pungkut – Exploration Pipeline of Prospects

REVIEW OF OPERATIONS

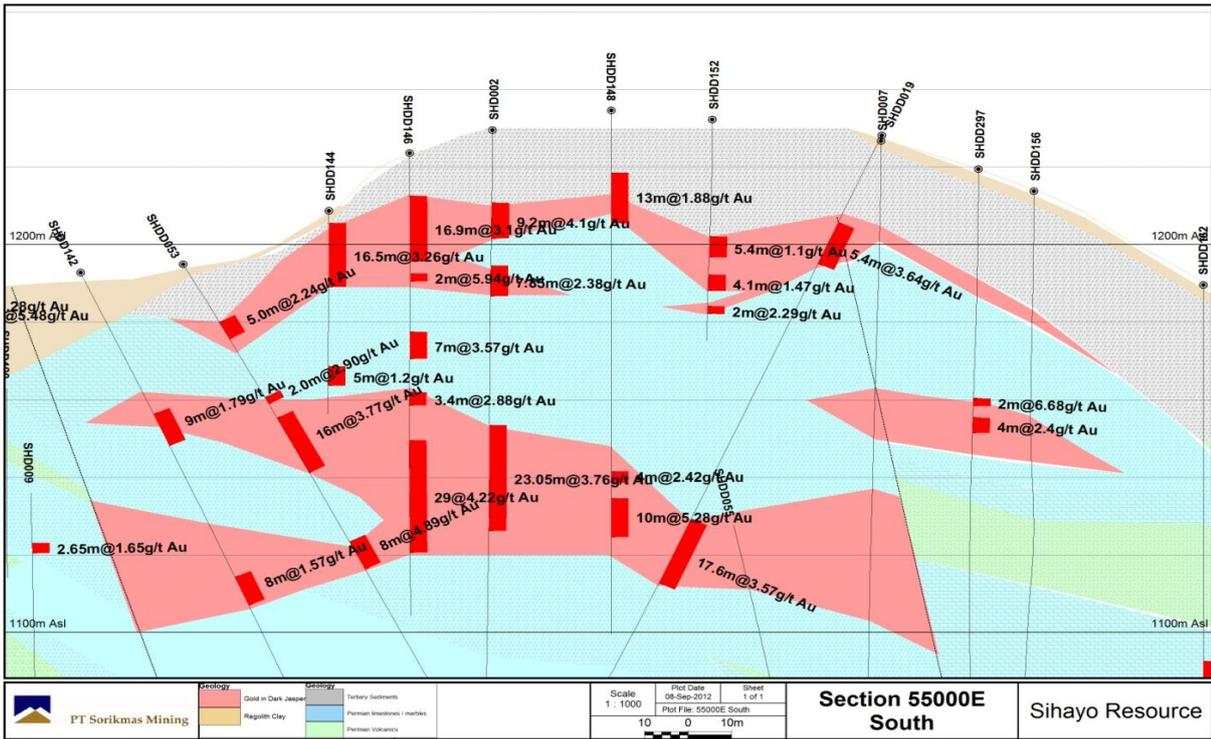


Figure 6: Enlargement of cross section 55000E shows significant gold intercepts.

REVIEW OF OPERATIONS

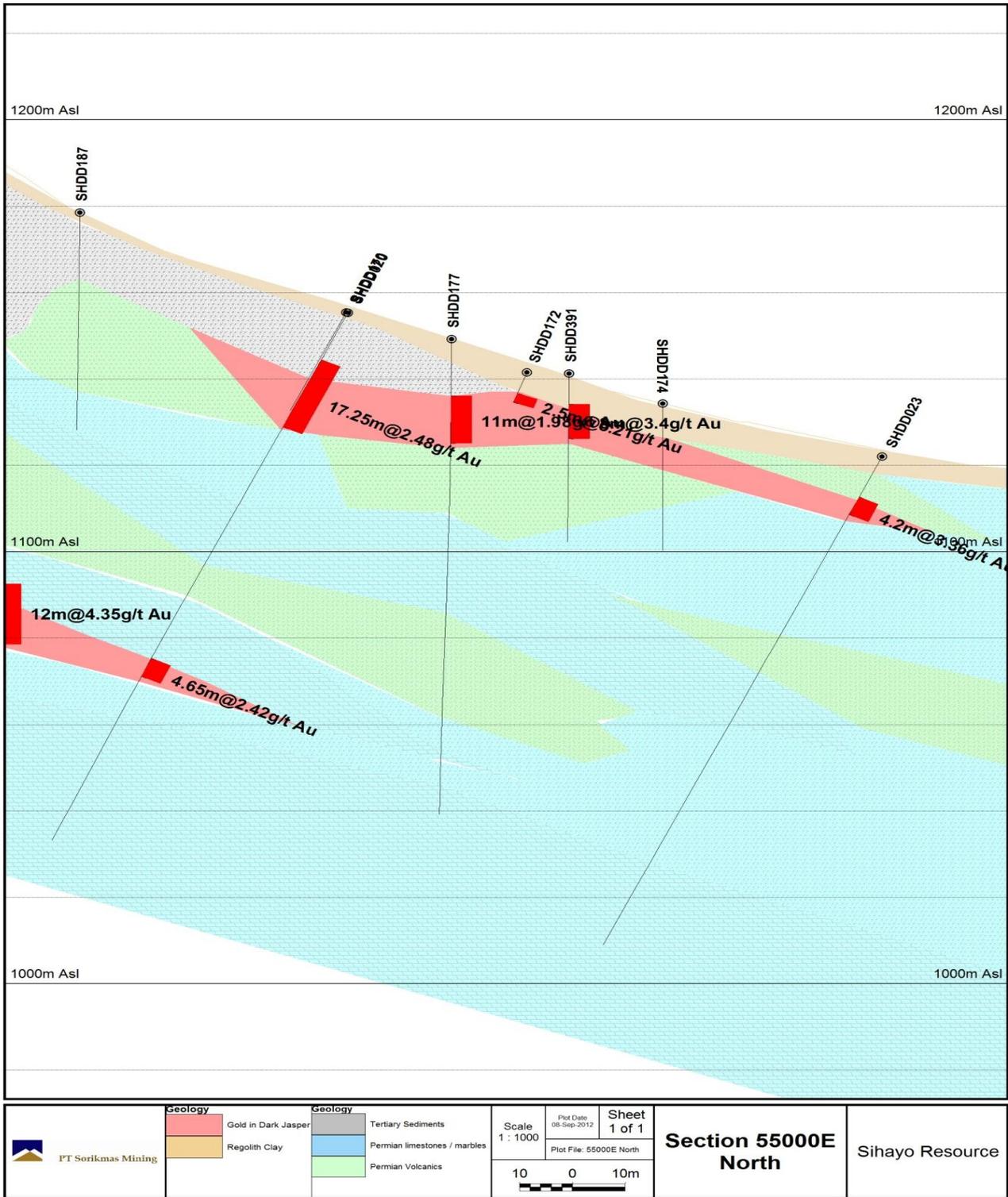


Figure 7: Enlargement of cross section 55000E showing significant gold intercepts.

REVIEW OF OPERATIONS

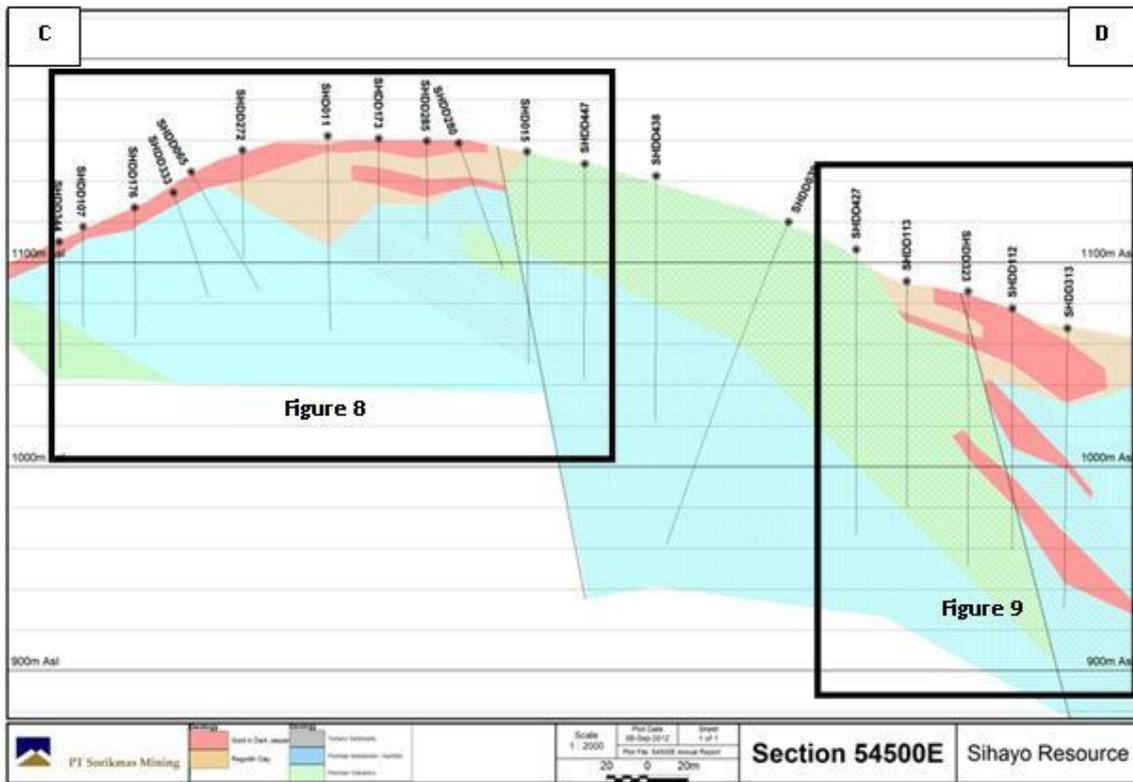


Figure 8: Geology Cross Section 54500E of Sihayo Resource looking NW.

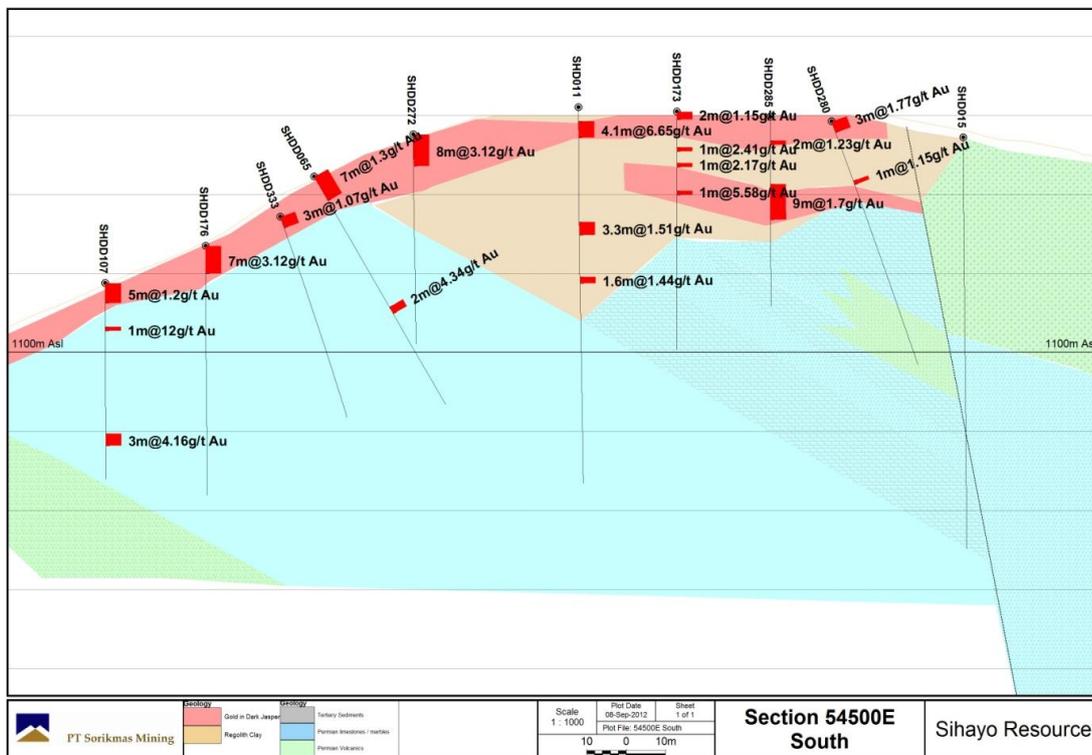


Figure 9: Cross Section Enlargement 54500E shows significant gold intercepts.

REVIEW OF OPERATIONS

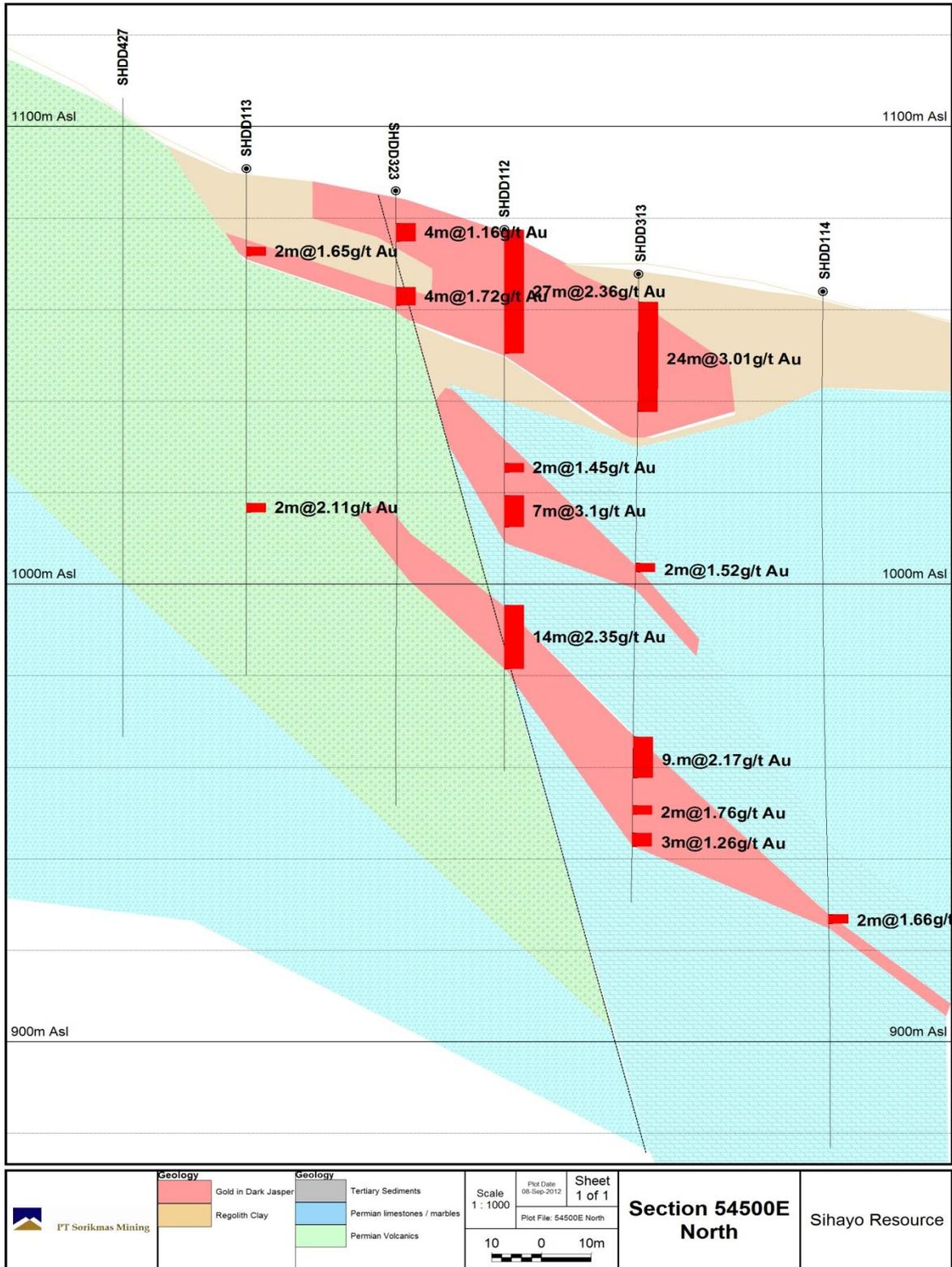


Figure 10: Enlargement of cross section 54500E showing significant gold intercepts.

REVIEW OF OPERATIONS

Sihayo Feasibility Study

The Sihayo “Maiden” Ore Reserve and Feasibility Study completion was announced on January 29, 2014 and no material changes have occurred to date.

Indicated and Measured Resources have been converted to Probable and Proved Ore Reserves by Entech Pty Ltd. The relevant JORC 2012 Table 1 is available on the Company website.

<i>Resource</i>	<i>Tonnage (Mt)</i>	<i>Grade Au (g/t)</i>	<i>Contained Gold ounces</i>	<i>Resource Category</i>
SIHAYO	2.43	2.4	190,000	Proved
	4.71	2.4	363,000	Probable
TOTAL	7.14	2.4	554,000	Proved & Probable

“Calculations have been rounded to the nearest 1,000t, 0.1 g/t grade and 1,000oz metal”

Table 2: JORC Code (2012 Edition) Sihayo Ore Reserves prepared by Entech Pty Ltd (January 2014)²

Highlights of the January 2014 Feasibility Study are summarised as follows;

- ✓ 1.4M Oz Resource previously announced June 2013 completed by H&SC Consultants Pty Ltd
- ✓ 554K Oz Sihayo Ore Reserve estimate (in-situ) and Life of Mine plan prepared by Entech Pty Ltd³
- ✓ Resources and Reserves prepared in accordance JORC Code (2012 edition) and guidelines for the reporting of Mineral Resource Estimates and Ore Reserves
- ✓ 428K Oz recovered from ‘Sihayo Life of Mine’ (LOM) gold production from proposed open pit mining, includes 35K Oz recovered from Inferred ore
- ✓ 7.8Mt ore mined at 2.4g/t average grade and 3.4:1 (Waste:Ore) strip ratio over 10 year LOM
- ✓ Carbon in Leach (CIL) processing rate of 750ktpa at an average recovery of 71% delivers approximately 43K Oz/yr over the LOM
- ✓ Average Site Cash Operating Costs US\$775/oz⁴ (assumes diesel fuel power supply)
- ✓ Construction Capital Estimate US\$58.7M equates to US\$137/oz recovered (assumes diesel power generation and excludes contingency)
- ✓ US\$57.5M LOM NPV₈ estimate (Pre Tax & including Royalty) assuming gold price at \$1,400/oz
- ✓ Excludes further potential gold production from Sambung and future opportunities from Sihayo

³ Pit optimisation and designs assumed a gold price of US \$1,300 / oz

⁴ LOM Average Site Cash Operating Costs do not include a total of US\$27.9m to be spent over the full 10 years of Sihayo LOM for tailings storage facility construction

REVIEW OF OPERATIONS

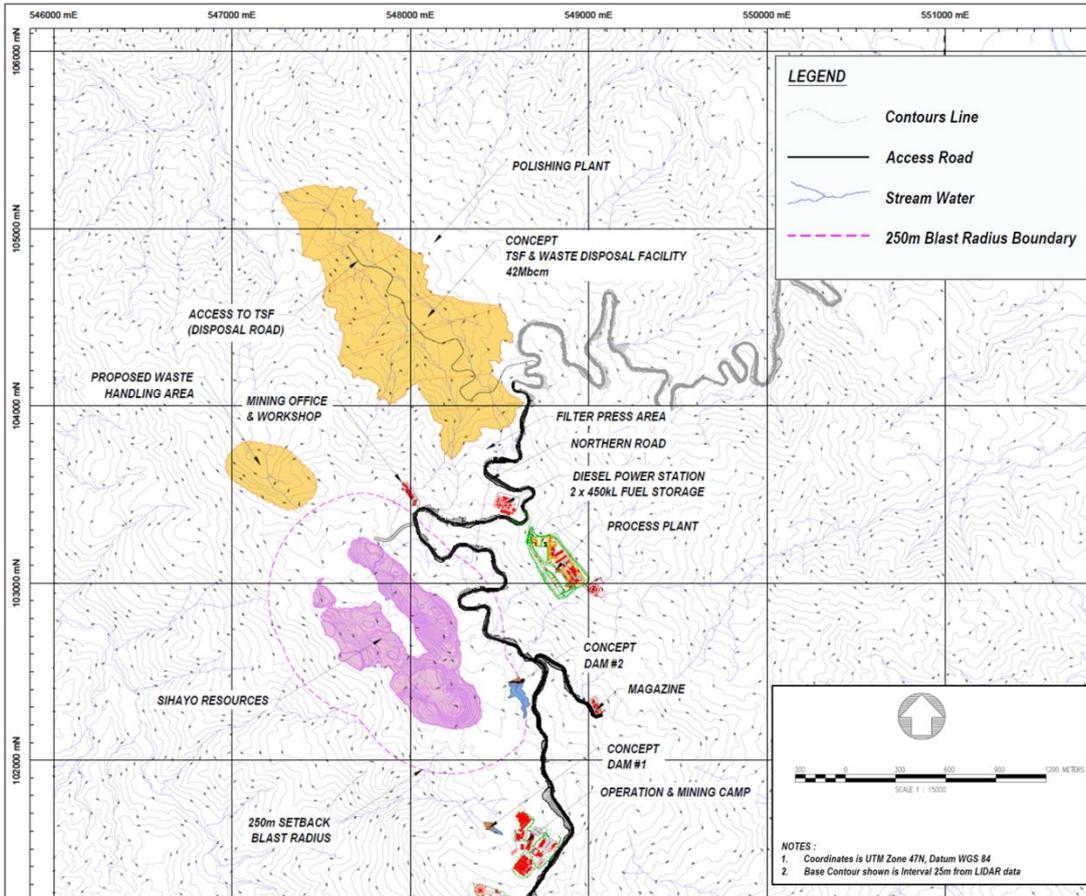


Figure 11: Project Site Area

REVIEW OF OPERATIONS

- 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 outcomes of the 29 January, 2014 Feasibility Study. The Optimisation Scenarios presented below demonstrate project sensitivity only and results have not been confirmed to 'Feasibility Study' standard.

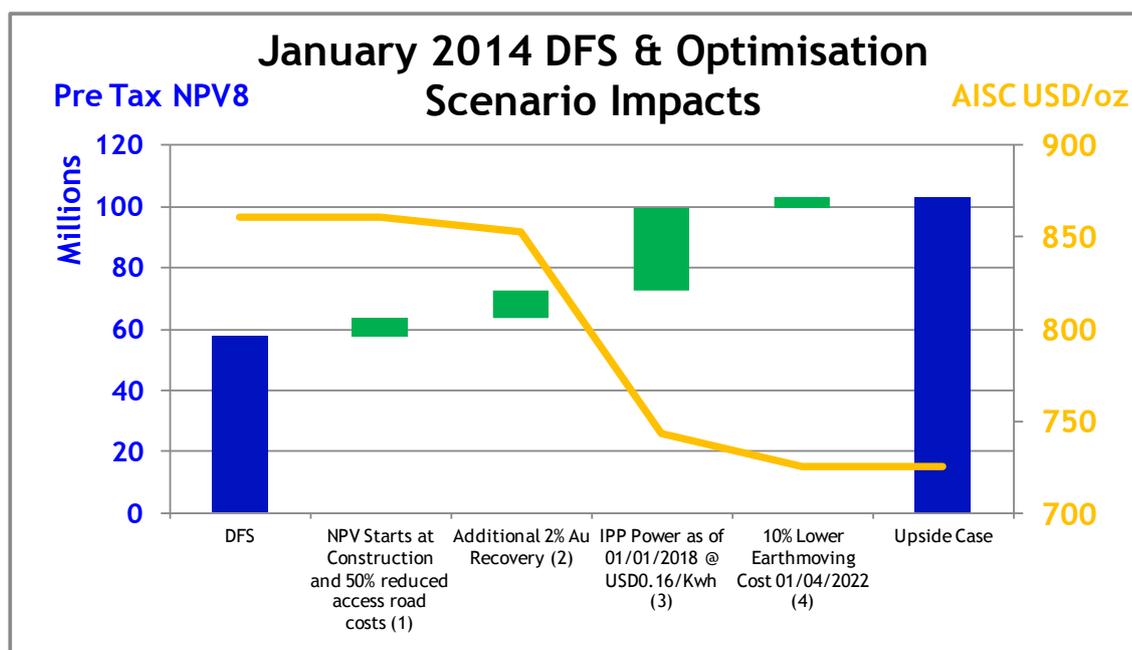


Figure 13: (Note: AISC = All in Sustaining Cash Cost)

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

Further geological/geometallurgical assessment is under consideration.

3. USD0.16/Kwhr assumes a commercial Independent Power Provider (IPP) arrangement. We expect that USD0.11/Kwhr may be achieved 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 the 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

REVIEW OF OPERATIONS

Regional Exploration

Regional exploration activity and associated costs have been reduced significantly during the year in accordance with our priority to conclude the Sihayo Feasibility Study and progress the associated permitting and approvals.

Hutabargot Prospect

Hutabargot Julu is our most significant prospect, located on the south eastern portion of the 11.5km long Sihayo-Hutabargot mineralised trend (refer to Figure 12 below). This regional structure has the potential to host high grade gold ore shoots within 10 km of the proposed Sihayo-Sambung CIL processing plant. The potential size of the gold/silver shoots ranges from smaller satellite zones to larger standalone targets. In the future, an access road could be constructed linking the Hutabargot Julu prospect to the Sihayo Resource.

The Hutabargot Julu 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 x 2km intermediate epithermal gold complex footprint.

The Hutabargot Julu regional structure (dislocation along a major structural zone adjacent to a 100km long pull apart basin); geology (Dacitic volcanics intruded by diorite over a carbonate basement); vein textures (evolution relationships / boiling zone textures); and vein mineralogy / geochemistry (gold & silver, trace base metals, adularia, rhodocrosite, mineral zonation) are all consistent with known major epithermal deposits around the world, including Newcrest's Gosowong / Kencana deposit in Indonesia.

REVIEW OF OPERATIONS

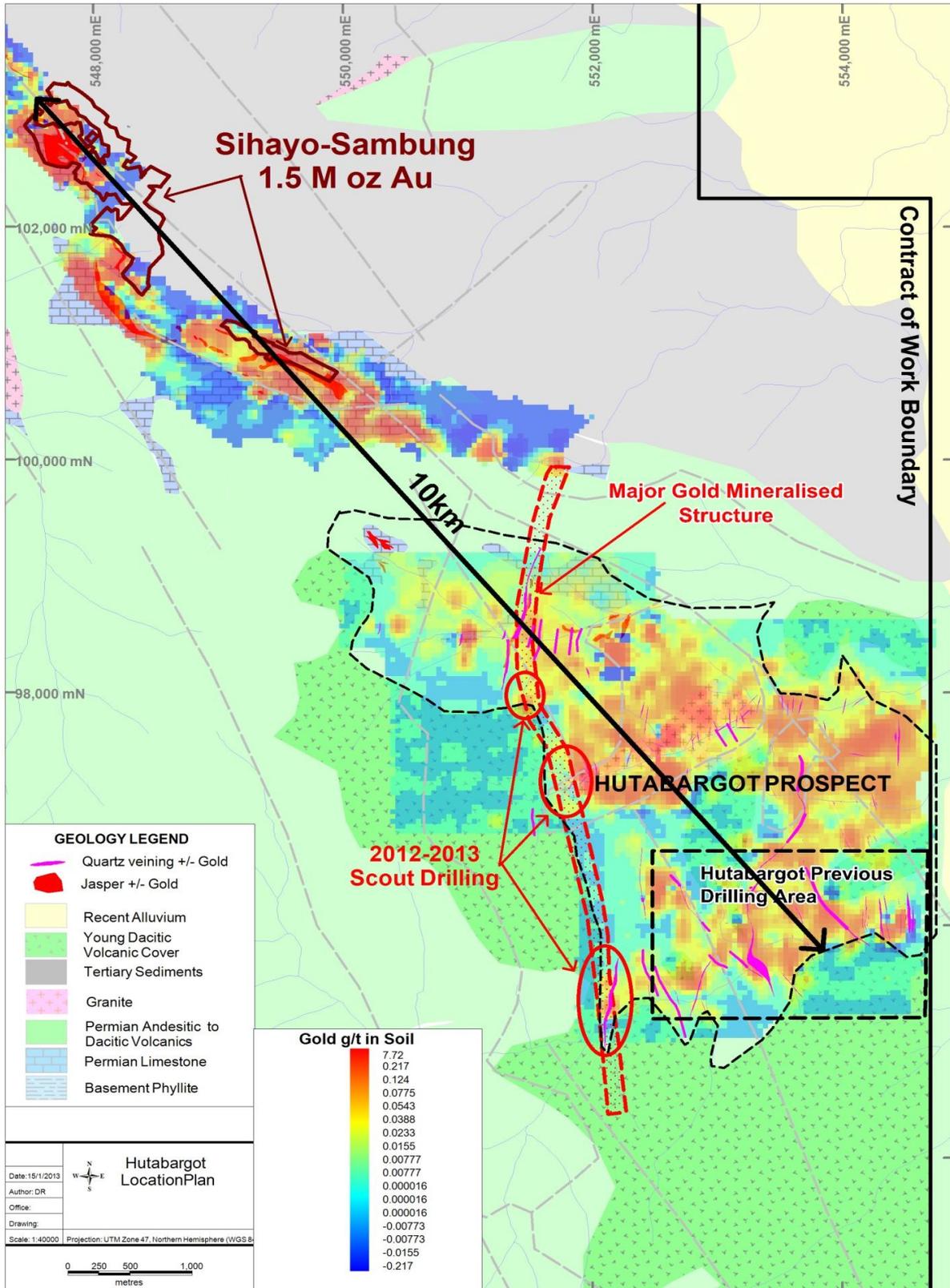


Figure 14: Hutabargot Julu Location

REVIEW OF OPERATIONS

Sihayo Pungkut – Corporate Social Responsibility (CSR) Programmes

Ahead of the potential project development the Company has continued to engage local Stakeholders associated with Government permitting and approvals.

As the project progress into construction and operation, the Company remains committed to the delivery of CSR programs in line with our Strategy.



Figure 15: Proposed CSR Strategy

Other Projects

Malawi – Uranium exploration (100%)

All activities have been ceased and leases that may have been held have lapsed

India – Diamond Exploration (9-10%)

No progress was made during the year in resolving the legal status of the tenements.

Mount Keith Gold Project – Western Australia (2% net smelter royalty)

No mining was undertaken on the project during the year.

Mulgabbie Gold Project – Western Australia (2% net smelter royalty)

No mining was undertaken on the project during the year.

REVIEW OF OPERATIONS

Competent Persons Statements

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 Robert Spiers, who is an independent consultant and Director of H&S Consultants to Sorikmas Mining Ltd. Mr Spiers 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 2004 edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves' and an Independent Qualified Person as defined in the Canadian National Instrument 43-101 (standards of Disclosure for Mineral Projects). Mr Spiers is a Member of the Australian Institute of Geoscientists and a full time employee of H&S Consultants. Mr Spiers consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

The Sihayo deposit was estimated by H&S Consultants using Ordinary Kriging constrained by mineralisation envelopes prepared using a nominal 0.3g/t gold cut-off grade as put forth by the Sorikmas Mining Ltd. A down-hole intercept length of 1m was adopted for modelling and the primary block dimensions used in the Sihayo model were 12.5m EW by 12.5m NS by 2.5m vertical. Bulk density was estimated as an attribute of the modelling process and was assigned to the modelling data prior to modelling via a matrix which characterised bulk density based on sample lithological attributes and oxidation state from a data set of 609 bulk density determinations. Historical bulk density sampling outcomes were not employed.

Sambung Resource

Information that relates to Mineral Resource Estimates at the Sambung project is based on information compiled by or under the supervision of Mr Luke A Burlet, who is an independent consultant and Director of H&S Consultants to Sorikmas Mining Ltd. Mr Burlet 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 2004 edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves' and an Independent Qualified Person as defined in the Canadian National Instrument 43-101 (standards of Disclosure for Mineral Projects). Mr Burlet is a Member of the Australian Institute of Geoscientists and a full time employee of H&S Consultants. Mr Burlet 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.

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.

DIRECTORS' REPORT

Your directors present their report on the consolidated entity consisting of Sihayo Gold Limited ("Sihayo Gold, or the Company") and the entities it controlled at the end of, or during the year ended 30 June 2014 ("the reporting period").

DIRECTORS

The following persons were directors of Sihayo Gold during the financial year and up to the date of this report:

Misha Collins	Gavin Caudle
Stuart Leslie Gula (appointed on 28 November 2013)	Peter Bilbe (Resigned on 29 November 2013)
Daniel Garry Nolan (appointed on 28 November 2013)	John Blake (Resigned on 29 November 2013)

PRINCIPAL ACTIVITIES

The principal activities of the consolidated entity during the course of the financial year were the continuing development of the Sihayo Pungkut Gold project. There were no significant changes in the nature of those activities during the financial year.

DIVIDENDS

No dividends have been paid or declared since the end of the previous financial year and no dividend is recommended in respect of this financial year.

REVIEW OF OPERATIONS

The review of operations is detailed at pages 5-21

OPERATING RESULTS

During the financial year the consolidated entity incurred a consolidated operating loss after income tax of \$20,650,316 (2013: \$6,945,685); which includes a provision for impairment of capitalised exploration and evaluation expenditure of \$13,803,831. (2013:nil).

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

There have been no significant changes in the state of affairs of the corporate group for the 2014 financial year.

EMPLOYEES

The consolidated entity employed 38 employees as at 30 June 2014 (2013: 153 employees)

CORPORATE STRUCTURE

The Company has 1,000,801,331 ordinary shares on issue and total of 4,000,000 of options on issue as at the date of this report.

The corporate group consists of the parent entity Sihayo Gold Limited, its 100% owned subsidiaries Inland Goldmines Pty Ltd, Excelsior Resources Pty Ltd, Oropa Technologies Pty Ltd, Oropa Indian Resources Pty Ltd, Oropa Exploration Pty Ltd and Aberfoyle Pungkut Investments Pte Ltd.

Aberfoyle Pungkut Investments Pte Ltd holds a 75% interest in PT Sorikmas Mining, with an Indonesian Government mining company PT Aneka Tambang Tbk holding the remaining 25%.

DIRECTORS' REPORT

LIKELY FUTURE DEVELOPMENTS

Details of important developments occurring in this current financial year have been covered in the review of operations.

Further information on likely developments in the operations of the consolidated entity and the expected results have not been included in this report because the directors believe it would be likely to result in unreasonable prejudice to the consolidated entity.

FINANCIAL POSITION

The net assets of the consolidated entity as at 30 June 2014 are \$13,233,638 (2013: \$29,836,930).

ENVIRONMENTAL REGULATION

The consolidated entity has assessed whether there are any particular or significant environmental regulations which apply. It has determined that the risk of non-compliance is low, and has not identified any compliance breaches during the year.

INFORMATION ON DIRECTORS

Details of the directors of the Company in office at the date of this report are:

Misha A Collins

Chairman (Appointed on 29 November 2013)

Experience and expertise

Mr Collins brings extensive financial and capital markets experience to the Board as well as having a complementary technical background in metallurgy and 14 years of experience in financial markets with particular emphasis on gold and mining business analysis. He was employed by BT Funds Management for an 11 year period as an equity analyst covering both domestic and international markets together with the formulation of capital market strategies and commodity forecasting and currently operates his own investment and trading business.

Mr Collins holds a Bachelor of Engineering in Metallurgy, graduating with First Class Honours from the RMIT University, a Graduate Certificate in Banking and Finance from Monash University and a Graduate Diploma in Applied Finance and Investment from the Financial Services Institute of Australia. He also completed the CFA program with the US based CFA Institute and has been awarded the Chartered Financial Analyst designation (CFA).

Directorships of Other ASX Listed Companies

Ask Funding Limited

Former ASX Listed Companies Directorships in last 3 years

No former directorships

Special responsibilities

Audit committee chairman

Interests in shares and options

14,529,574 ordinary shares in Sihayo Gold Limited (held indirectly)

DIRECTORS' REPORT

Gavin Caudle

(Non Executive Director)

Experience and expertise

Mr Caudle has over 25 years experience in the finance and investment sectors in Australia, Singapore and Indonesia. Starting his career at Arthur Andersen Australia, he eventually became a partner based in the Jakarta office. He joined Citigroup in 1998 in Indonesia and held positions as Head of Mergers and Head of Private Equity at Citigroup and Country Head of the Investment Bank at Salomon Smith Barney.

Since 2003, together with his partners, Gavin has developed numerous successful businesses including Tower Bersama Group (a telecommunications infrastructure business) and Provident Agro (a plantation business) with assets valued at more than \$4 billion today.

Gavin and his partners bring substantial expertise in dealing with all business aspects in Indonesia, most importantly for Sihayo being:

- Track record of raising more than US\$3 billion of senior, mezzanine and equity capital over the past 7 years; and
- Expertise in dealing with forestry issues through the ownership of a substantial plantation business.

Directorships of Other ASX Listed Companies

Sumatra Copper and Gold Limited

Finders Resources Limited

Former ASX Listed Companies Directorships in last 3 years

No former directorships

Special responsibilities

Audit committee member

Interests in shares and options

6,613,984 ordinary shares (held directly)

148,821,384 ordinary shares (held indirectly)

Stuart Leslie Gula

(Chief Executive Officer (CEO) & Managing Director)

Experience and expertise

Mr Gula has over 25 years management experience in the mining sector in Australia, North America, Africa and Asia. Among many other achievements, his experience includes successful construction completion, commissioning and production of two gold projects in China and Africa and has successfully participated in varied levels of management on feasibility studies for many other projects. He most recently held the position of Group General Manager, Mining - North America for Nyrstar. Nyrstar is a European based integrated metals and mining company with a market capital in excess of USD 1 billion. Mr Gula holds a Bachelors degree in Engineering (mining major) and a Masters of Business Administration (Technology Management).

DIRECTORS' REPORT

Information on Directors (continued)

Directorships of Other ASX Listed Companies

None

Former ASX Listed Companies Directorships in last 3 years

No former directorships

Interests in shares and options

110,000 ordinary shares (held indirectly)

1,000,000 options at \$0.13 expiring on 1 October 2014, vesting date being the earlier of construction commencement or 1 September 2014.

1,000 options at \$0.13 expiring on 1 October 2015, vesting date being the earlier of plant commissioning or 1 September 2015.

Daniel Garry Nolan

(Executive Director, Chief Financial Officer, Company Secretary)

The company secretary is Mr Daniel Garry Nolan. Mr Nolan was appointed to the position of company secretary on 1 July 2011. Mr Nolan has worked in finance and accounting for more than 30 years. He has held senior finance positions in Australia, Cambodia, Vietnam and Indonesia. Immediately before joining Sihayo he held senior management roles in the Saratoga Group in Indonesia. Prior to that he was a senior finance executive at Telstra for 10 years in Australia, Cambodia and Indonesia. Mr Nolan holds a Bachelor of Business from Monash University and a Certificate in Governance and Risk Management from The Governance Institute of Australia

Interests in shares and options

4,250,919 ordinary shares (held indirectly)

MEETINGS OF DIRECTORS

The following table sets out the number of meetings of the Company's directors held during the year ended 30 June 2014, and the number of meetings attended by each director. (Note that meeting attendance may have been completed via telephone conferencing).

	Number eligible to attend	Number Attended
M Collins	4	4
Gavin Caudle	4	4
P Bilbe (Resigned 29/11/13)	1	1
W J Blake (Resigned 29/11/13)	1	1
S Gula (Appointed 28/11/13)	4	4
D Nolan (Appointed 28/11/13)	4	4

DIRECTORS' REPORT

REMUNERATION REPORT (AUDITED)

The full board of Sihayo Gold act as as the remuneration committee at the date of this report

The responsibilities and functions of the Remuneration Committee are as follows:

- 1) review the competitiveness of the Company's executive compensation programs to ensure:
 - (a) the attraction and retention of corporate officers;
 - (b) the motivation of corporate officers to achieve the Company's business objectives; and
 - (c) the alignment of the interests of key leadership with the long-term interests of the Company's shareholders.
- 2) review trends in management compensation, oversee the developemnt of new compensation plans and, when necessary, approve the revision of existing plans.
- 3) Review the performance of executive management.
- 4) review and approve Chairperson and Chief Executive Officer goals and objectives, evaluate Chairperson and Chief Executive Officer performance in light of these corporate objectives, and set Chairperson and Chief Executive Officer compensation levels consistent with Company philosophy.
- 5) approve the salaries, bonus and other compensation for all senior executives, the committee will recommend appropriate salary, bonus and other compensation to the Board for approval;
- 6) review and approve compensation packages for new corporate officers and termination packages for corporate officers as requested by management;
- 7) review and approve the awards made under any executive officer bonus plan, and provide an appropriate report to the Board;
- 8) review and make recommendations concerning long-term incentive compensation plans, including the use of share options and other equity-based plans. Except as otherwise delegated by the Board, the committee will act on behalf of the Board as the "Committee" established to administer equity-based and employee benefit plans, and as such will discharge any responsibilities imposed on the committee under those plans, including making and authorising grants, in accordance with the terms of those plans; and
- 9) review periodic reports from management on matters relating to the Company's personnel appointments and practices.

Principles used to determine the nature and amount of remuneration

- Non-executive directors receive fees in cash. The fees are fixed and approved by shareholders.
- Where non-executive directors provide services in their area of expertise they receive payment at normal commercial rates.
- There are no executives (other than directors) with authority for strategic decision making and management.
- The remuneration of the directors is not linked directly to the performance of the Company.

DIRECTORS' REPORT

Details of remuneration

Details of the remuneration of key management personnel and related parties of Sihayo Gold Limited, including their personally related entities are set out below for the year ended 30 June 2014. There have been no changes to the below named key management personnel since the end of the reporting period unless noted :

2014	Short-term		Post Employment		Long Term		Equity	Total \$	Total Remuneration represented by options
	Cash Salary & Fees	Non Monetary Benefits	Super-annuation	Retirement Benefits	Incentive Plans	LSL	Share based payment		
M Collins	58,354	4,361	-	-	-	-	-	62,715	-
P Bilbe ⁽¹⁾	27,083	2,024	2,438	-	-	-	-	31,545	-
W J Blake ⁽²⁾	18,750	1,402	-	-	-	-	-	20,152	-
G Caudle	45,000	3,363	-	-	-	-	-	48,363	-
D Nolan	127,000	-	29,000	-	-	-	-	156,000	-
S Gula	367,504	-	-	-	-	-	45,394	412,898	10.99%
B Cope ⁽³⁾	303,500	-	-	-	-	-	-	303,500	-
	947,191	11,150	31,438	-	-	-	45,394	1,035,173	-

(1) P Bilbe resigned 29 November 2013

(2) W J Blake resigned 29 November 2013

(3) B Cope has resigned effective 27 December 2014

2013	Short-term		Post Employment		Long Term		Equity	Total \$	Total remuneration represented by options
	Cash Salary & Fees	Non Monetary Benefits	Super-annuation	Retirement Benefits	Incentive Plans	LSL	Share based payment		
M Collins	49,050	2,509	-	-	-	-	-	51,559	-
P Willis ⁽¹⁾	171,827	1,114	-	-	-	-	-	172,941	-
P Bilbe	65,000	2,509	5,850	-	-	-	-	73,359	-
W J Blake	45,000	2,509	-	-	-	-	-	47,509	-
G Caudle	45,000	2,509	-	-	-	-	-	47,509	-
G Entwistle ⁽²⁾	104,684	-	3,167	-	-	-	-	107,851	-
D Rowley ⁽³⁾	291,668	-	-	-	-	-	-	291,668	-
D Nolan	156,000	-	-	-	-	-	-	156,000	-
S Gula ⁽⁴⁾	270,254	-	-	-	-	-	42,165	312,419	13.5%
B Cope	74,157	-	-	-	-	-	-	74,157	-
Total	1,272,640	11,150	9,017	-	-	-	42,165	1,334,972	-

(1) P willis resigned effective 13 April 2013

(2) G Entwistle resigned effective 22 November 2012

(3) Darin Rowley resigned effective 14 June 2013

(4) S Gula relocated from Australia to Indonesia. The relocation costs of \$15,000, is included in his remuneration.

DIRECTORS' REPORT

REMUNERATION REPORT (AUDITED) (continued)

- (a) \$ 58,354 in directors fees was paid to M Collins as at 30 June 2014.
- (b) \$ 27,083 salary plus superannuation of \$ 2,438 was paid to P Bilbe during the year ended 30 June 2014.
- (c) \$ 18,750 in directors fees was paid to Blake Mining Services, a personally related entity of W J Blake during the year ended 30 June 2014.
- (d) \$ 191,250 in directors fees was payable as at 30 June 2014 to G Caudle for fees for the year ended 30 June 2014 and in lieu of previous years directors fees
- (e) \$ 127,000 salary plus superannuation of \$ 29,000 was paid to D Nolan as at 30 June 2014
- (f) \$ 367,504 salary was paid to Stuart Gula as at 30 June 2014
- (g) \$ 303,500 was paid to Brendan Cope as at 30 June 2014.

No options granted as part of remuneration during the year ended 30 June 2014

Options Granted as Part of Remuneration

30 June 2013	Granted No	Terms and Conditions for each Grant						Vested	
		Grant Date	Fair value per option at grant date (\$)	Exercise price per option (\$)	Expiry date	First Exercise date	Last Exercise date	No	%
M Collins	-	-	-	-	-	-	-	-	-
P Willis	-	-	-	-	-	-	-	-	-
P Bilbe	-	-	-	-	-	-	-	-	-
W J Blake	-	-	-	-	-	-	-	-	-
G Caudle	-	-	-	-	-	-	-	-	-
G Entwistle	-	-	-	-	-	-	-	-	-
D Rowley	1,000,000	01/01/2013	0.022	12.5 cents	01/10/2014	-	31/01/2014	-	-
D Rowley	1,000,000	01/01/2013	0.03	12.5 cents	01/10/2015	-	31/12/2014	-	-
D Nolan	-	-	-	-	-	-	-	-	-
S Gula	1,000,000	01/10/2012	0.067	13 cents	01/10/2014	-	31/01/2014	-	-
S Gula	1,000,000	01/10/2012	0.055	13 cents	01/10/2015	-	31/12/2014	-	-
B Cope	-	-	--	-	-	-	-	-	-

There were no shares issued on exercise of compensation options (Consolidated) in 2014 or 2013

DIRECTORS' REPORT

REMUNERATION REPORT (AUDITED) (continued)

Option holdings of key management personnel (consolidated)

The number of options over ordinary shares in the Company held during the financial year by each director of Sihayo Gold Limited, including their personally-related entities, are set out below.

30 June 2014	Balance at beginning of year	Granted as remuneration	Options exercised	Net change other	Balance at end of year 30 June 14	Vested at 30 June 2014	
						Total	Exercisable
	1 July 13						
M Collins	-	-	-	-	-	-	-
P Willis	-	-	-	-	-	-	-
D Rowley	2,000,000	-	-	-	2,000,000	1,000,000	1,000,000
S Gula	2,000,000	-	-	-	2,000,000	1,000,000	1,000,000
D Nolan	-	-	-	-	-	-	-
	4,000,000	-	-	-	4,000,000	2,000,000	2,000,000

Vested at 30 June 2013

30 June 2013	Balance at beginning of year	Granted as remuneration	Options exercised	Net change other	Balance at end of year 30 June 13	Total	Exercisable
M Collins	1,000,000	-	-	(1,000,000)	-	-	-
P Willis	2,000,000	-	-	(2,000,000)	-	-	-
D Rowley	2,000,000	2,000,000	-	(2,000,000)	2,000,000	-	-
S Gula	-	2,000,000	-	-	2,000,000	-	-
D Nolan	1,000,000	-	-	(1,000,000)	-	-	-
	6,000,000	4,000,000	-	(6,000,000)	4,000,000	-	-

Shareholdings of Key Management Personnel (consolidated)

The number of shares held in the Company during the financial year by each personnel of Sihayo Gold Limited, including their personally-related entities, are set out below:

30 June 2014	Balance 1 July 13		Granted as remuneration		On exercise of options		Net change other	Directors balances as at date of resigning/terminated		Balance 30 June 14
	Ord	Pref	Ord	Pref	Ord	Pref		Pref	Ord	
M Collins	14,529,574	-	-	-	-	-	-	-	-	14,529,574
P Bilbe	1,920,000	-	-	-	-	-	-	-	-	1,920,000
WJ Blake	1,500,000	-	-	-	-	-	-	-	-	1,500,000
G Caudle	86,084,684	-	-	-	-	-	69,350,684	-	-	155,435,368
P Willis	54,221,409	-	-	-	-	-	-	-	-	54,221,409
G Entwistle	4,000,000	-	-	-	-	-	-	-	-	4,000,000
S. Gula	-	-	-	-	-	-	110,000	-	-	110,000
D. Nolan	-	-	-	-	-	-	4,250,919	-	-	4,250,919

DIRECTORS' REPORT

REMUNERATION REPORT (AUDITED) (continued)

	Balance 1 July 12		Granted as remuneration		On exercise of options		Net change other		Directors balances as at date of resigning/ terminated		Balance 30 June 13
30 June 2013	Ord	Pref	Ord	Pref	Ord	Pref	Ord	Pref	Ord	Ord	
M Collins	14,529,574	-	-	-	-	-	-	-	-	-	14,529,574
P Bilbe	1,920,000	-	-	-	-	-	-	-	-	-	1,920,000
WJ Blake	1,500,000	-	-	-	-	-	-	-	-	-	1,500,000
G Caudle	156,464,474	-	-	-	-	-	(70,379,790)	-	-	-	86,084,684
P Willis	54,221,409	-	-	-	-	-	-	-	-	-	54,221,409
G Entwistle	4,000,000	-	-	-	-	-	-	-	-	-	4,000,000

Officer Emoluments

Fees of \$ 2,450 (GST exclusive) were paid to Calder Roth & Co, a Chartered Accounting firm of which provided taxation services during the year.

Directors and Officers Insurance

During the year \$ 11,150 was paid for Directors and officeholders insurance, covering all directors and officeholders.

The liabilities insured are costs and expenses that may be incurred in defending civil or criminal proceedings that may be brought against the officers in their capacity as officers of entities in the consolidated entity.

SHARES UNDER OPTION

Unissued ordinary shares of Sihayo Gold Limited under option at the date of this report are as follows:

- As at the end of the reporting period, there were no listed options for Sihayo Gold Ltd shares on the Australian Stock Exchange.
- 1,000,000 CEO unlisted options exercisable at 13 cents before the expiry date of 1 October 2014.
- 1,000,000 CEO unlisted options exercisable at 13 cents at any time on or before 1 October 2015.
- 1,000,000 unlisted options exercisable at 12.5 cents at any time on or before 1 October 2014
- 1,000,000 unlisted options exercisable at 12.5 cents at any time on or before 1 October 2015.

CONVERTIBLE NOTES

There are no convertible notes held as at 30 June 2014.

PROCEEDINGS ON BEHALF OF COMPANY

No person entitled to exercise any of the options has any right, by virtue of the options, to participate in any share issue of any other body corporate.

The names of all persons who currently hold options, granted at any time, are entered in the register kept by the Company pursuant to Section 216C of the Corporations Act 2001 and the register may be inspected free of charge.

DIRECTORS' REPORT

No person has applied for leave of Court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or part of these proceedings.

The Company was not party to any such proceedings during the year.

CORPORATE GOVERNANCE

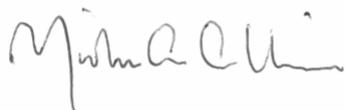
The Company's Corporate Governance Statement is set out on pages 33-44

NON-AUDIT SERVICES

There were no non-audit services undertaken by Stantons International during the financial year.

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 32.

Signed in accordance with a resolution of the Board of Directors.



Misha Collins
Chairman

30 September 2014

30 September 2014

The Directors
Sihayo Gold Limited
c/- Mccullough Robertson
Level 11
66 Eagles Street
BRISBANE, QLD 4000

Dear Sirs

RE: SIHAYO GOLD LIMITED

In accordance with section 307C of the *Corporations Act 2001*, I am pleased to provide the following declaration of independence to the directors of Sihayo Gold Limited.

As Audit Director for the audit of the financial statements of Sihayo Gold Limited for the year ended 30 June 2014, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- (ii) any applicable code of professional conduct in relation to the audit.

Yours faithfully,

STANTONS INTERNATIONAL AUDIT AND CONSULTING PTY LTD
(Trading as Stantons International)
(An Authorised Audit Company)



Martin Michalik
Director

CORPORATE GOVERNANCE STATEMENT

Corporate Governance Statement

Approach to Corporate Governance

Sihayo Gold Limited (**Company**) has established a corporate governance framework, the key features of which are set out in this statement. In establishing its corporate governance framework, the Company has referred to the ASX Corporate Governance Council Principles and Recommendations 2nd edition (**Principles & Recommendations**). The Company has followed each recommendation where the Board has considered the recommendation to be an appropriate benchmark for its corporate governance practices. Where the Company's corporate governance practices follow a recommendation, the Board has made appropriate statements reporting on the adoption of the recommendation. In compliance with the "if not, why not" reporting regime, where, after due consideration, the Company's corporate governance practices do not follow a recommendation, the Board has explained its reasons for not following the recommendation and disclosed what, if any, alternative practices the Company has adopted instead of those in the recommendation.

The following governance-related documents can be found on the Company's website at <http://www.sihayogold.com/view/about-us/corporate-governance>, under the section marked "Corporate Governance":

Charters

- Board
- Audit Committee
- Nomination Committee
- Remuneration Committee

Policies and Procedures

- Policy and Procedure for Selection and (Re) Appointment of Directors
- Process for Performance Evaluations
- Policy on Assessing the Independence of Directors
- Code of Conduct (summary)
- Policy on Continuous Disclosure (summary)
- Compliance Procedures (summary)
- Procedure for the Selection, Appointment and Rotation of External Auditor
- Shareholder Communication Policy
- Risk Management Policy (summary)
- Whistleblower Policy (summary)

The Company reports below on whether it has followed each of the recommendations during the 2013/2014 financial year (Reporting Period). The information in this statement is current at 30 September 2014.

CORPORATE GOVERNANCE STATEMENT

Board

Roles and responsibilities of the Board and Senior Executives

(Recommendations: 1.1, 1.3)

The Company has established the functions reserved to the Board, and those delegated to senior executives and has set out these functions in its Board Charter, which is disclosed on the Company's website.

The Board is collectively responsible for promoting the success of the Company through its key functions of overseeing the management of the Company, providing overall corporate governance of the Company, monitoring the financial performance of the Company, engaging appropriate management commensurate with the Company's structure and objectives, involvement in the development of corporate strategy and performance objectives, and reviewing, ratifying and monitoring systems of risk management and internal control, codes of conduct and legal compliance.

Senior executives are responsible for supporting the Chief Executive Officer and assisting the Chief Executive Officer in implementing the running of the general operations and financial business of the Company in accordance with the delegated authority of the Board. Senior executives are responsible for reporting all matters which fall within the Company's materiality thresholds at first instance to the Chief Executive Officer or, if the matter concerns the Chief Executive Officer, directly to the Chair or the lead independent director, as appropriate.

Skills, experience, expertise and period of office of each Director

(Recommendation: 2.6)

A profile of each Director setting out their skills, experience, expertise and period of office is set out in the Directors' Report on page 22-31

The mix of skills and diversity for which the Board is looking to achieve in membership of the Board is represented in the Board's current composition. The directors on the Board possess the following skills and experience, which the Board considers are appropriate for the Company at this stage of its development: corporate, operational and international mining industry experience; investment industry experience, financial and capital markets experience; technical skills and experience; and Indonesia experience. Given the Company's current activities, the Board is not specifically looking to appoint a director. However, the Board would consider the appointment of a candidate with experience in operational mining in Indonesia and experience with the government and regulatory environment in Indonesia.

Director independence

(Recommendations: 2.1, 2.2, 2.3, 2.6)

CORPORATE GOVERNANCE STATEMENT

The Board comprised a majority of independent directors for the period 1 July 2013 to 29 November 2013. On 29 November 2013, two independent directors, Peter Bilbe and John Blake resigned, and two executive directors, Stuart Gula (Chief Executive Officer & Managing Director) and Daniel Nolan (Chief Financial Officer & Company Secretary) were appointed to the Board. Accordingly, the Board now comprises a majority of non-independent directors. As noted above, the Board considers that the composition of the Board is appropriate for the Company at this stage of its development. However, the Board will look to appoint a further director when the Company moves to the construction phase, and will consider the independence of the candidate as a factor.

The Board considers the independence of directors having regard to the relationships listed in Box 2.1 of the Principles & Recommendations and the Company's materiality thresholds. The Board has agreed on the following guidelines, as set out in the Company's Board Charter for assessing the materiality of matters:

- Balance sheet items are material if they have a value of: (a) more than 10%; or (b) more than \$500,000, whichever is the greater of pro-forma net asset.
- Profit and loss items are material if they will have an impact on the current year operating result of: (a) more than 10%, or (b) more than \$500,000, whichever is the greater.
- Items are also material if they impact on the reputation of the Company, involve a breach of legislation, are outside the ordinary course of business, could affect the Company's rights to its assets, if accumulated would trigger the quantitative tests, involve a contingent liability that would have a probable effect of: (a) more than 10%, or (b) more than \$500,000 whichever is the greater on balance sheet or profit and loss items, or will have an effect on operations which is likely to result in an increase or decrease in net income or dividend distribution of: (a) more than 10%, or (b) more than \$500,000 whichever is the greater.
- Contracts will be considered material if they are outside the ordinary course of business, contain exceptionally onerous provisions in the opinion of the Board, impact on income or distribution in excess of the quantitative tests, there is a likelihood that either party will default, and the default may trigger any of the quantitative or qualitative tests, are essential to the activities of the Company and cannot be replaced, or cannot be replaced without an increase in cost which triggers any of the quantitative tests, contain or trigger change of control provisions, are between or for the benefit of related parties, or otherwise trigger the quantitative tests.

During the Reporting Period, the independent directors of the Company were Peter Bilbe (Chair, resigned 29 November 2013), John Blake (resigned 29 November 2013) and Misha Collins. These directors are/were independent as they are non-executive directors who are/were not members of management and who are/were free of any business or other relationship that could materially interfere with, or could reasonably be perceived to materially interfere with, the independent exercise of their judgment.

The non-independent directors of the Company during the Reporting Period were Gavin Caudle, Stuart Gula (appointed 28 November 2013) and Daniel Nolan (appointed 28 November 2013).

The Chief Executive Officer & Managing Director, Stuart Gula is not also Chair of the Board. Misha Collins assumed the role of Chair on 29 November 2013 following Mr Bilbe's resignation.

CORPORATE GOVERNANCE STATEMENT

Independent professional advice

(Recommendation: 2.6)

To assist directors with independent judgement, it is the Board's policy that if a director considers it necessary to obtain independent professional advice to properly discharge the responsibility of their office as a director then, provided the director first obtains approval from the Chair for incurring such expense, the Company will pay the reasonable expenses associated with obtaining such advice.

Selection and (Re)Appointment of Directors

(Recommendation: 2.6)

In determining candidates for the Board, the Nomination Committee (or equivalent) follows a prescribed process whereby it evaluates the mix of skills, experience and expertise of the existing Board. In particular, the Nomination Committee (or equivalent) is to identify the particular skills that will best increase the Board's effectiveness. Consideration is also given to the balance of independent directors. Potential candidates are identified and, if relevant, the Nomination Committee (or equivalent) recommends an appropriate candidate for appointment to the Board. Any appointment made by the Board is subject to ratification by shareholders at the next general meeting.

The Board recognises that Board renewal is critical to performance and the impact of Board tenure on succession planning. An election of directors is held each year. Each director other than the Managing Director, must not hold office (without re-election) past the third annual general meeting of the Company following the director's appointment or three years following that director's last election or appointment (whichever is the longer). However, a director appointed to fill a casual vacancy or as an addition to the Board must not hold office (without re-election) past the next annual general meeting of the Company. At each annual general meeting a minimum of one director or one third of the total number of directors must resign. A director who retires at an annual general meeting is eligible for re-election at that meeting. Re-appointment of directors is not automatic.

The Company's Policy and Procedure for the Selection and Re (Appointment) of Directors is disclosed on the Company's website.

Board committees

Nomination Committee

(Recommendations: 2.4, 2.6)

The Board has not established a separate Nomination Committee. Given the current size and composition of the Board, the Board believes that there would be no efficiencies gained by establishing a separate Nomination Committee. Accordingly, the Board performs the role of the

CORPORATE GOVERNANCE STATEMENT

Nomination Committee. Items that are usually required to be discussed by a Nomination Committee are marked as separate agenda items at Board meetings when required. When the Board convenes as the Nomination Committee it carries out those functions which are delegated to it in the Company's Nomination Committee Charter. The Board deals with any conflicts of interest that may occur when convening in the capacity of the Nomination Committee by ensuring that the director with conflicting interests is not party to the relevant discussions.

As noted above, the full Board carries out the role of the Nomination Committee. The full Board did not officially convene in its capacity as a Nomination Committee during the Reporting Period, however nomination-related discussions occurred from time to time during the year as required.

The Board has adopted a Nomination Committee Charter which describes the role, composition, functions and responsibilities of the full Board in its capacity as the Nomination Committee.

The Company's Nomination Committee Charter is disclosed on the Company's website.

Audit Committee

(Recommendations: 4.1, 4.2, 4.3, 4.4)

The Board has established an Audit Committee, which comprises Misha Collins as Chair, Peter Bilbe and Gavin Caudle. The Audit Committee is structured in compliance with Recommendation 4.2 as it consists only of non-executive directors, consists of a majority of independent directors, is chaired by an independent chair who is not chair of the Board, and has three members. However, following Peter Bilbe's resignation from the Board on 29 November 2013, the Audit Committee has comprised two members. Both members of the Audit Committee are non-executive directors, but only the Chair of the Audit Committee, Misha Collins is independent and he is also Chair of the Board. Whilst the composition of the Audit Committee does not meet the structural requirements of Recommendation 4.2, the Board considered that it was appropriate that the committee comprise the Board's two non-executive directors and not have the Chief Executive Officer & Managing Director or Chief Financial Officer as a member

Details of each of the director's qualifications are set out in the Directors' Report on page 22 - 31. All members of the Audit Committee consider themselves to be financially literate and have an understanding of the industry in which the Company operates. The Chair of the Audit Committee, Mr Misha Collins, is a Chartered Financial Analyst, having completed the Chartered Financial Analyst programme with the US based Chartered Financial Analyst Institute. Gavin Caudle is a Chartered Accountant.

The Company has adopted an Audit Committee Charter which describes the role, composition, functions and responsibilities of the Audit Committee.

CORPORATE GOVERNANCE STATEMENT

The Audit Committee held two meetings during the Reporting Period. Details of director attendance at Audit Committee meetings during the Reporting Period are set out in a table in the Directors' Report on page 25.

The Company has established a Procedure for the Selection, Appointment and Rotation of its External Auditor. The Board is responsible for the initial appointment of the external auditor and the appointment of a new external auditor when any vacancy arises, as recommended by the Audit Committee (or its equivalent). Candidates for the position of external auditor must demonstrate complete independence from the Company through the engagement period. The Board may otherwise select an external auditor based on criteria relevant to the Company's business and circumstances. The performance of the external auditor is reviewed on an annual basis by the Audit Committee (or its equivalent) and any recommendations are made to the Board.

The Company's Audit Committee Charter and Procedure for Selection, Appointment and Rotation of External Auditor are disclosed on the Company's website.

Remuneration Committee

(Recommendations: 8.1, 8.2, 8.3, 8.4)

The Board had a Remuneration Committee for the period 1 July 2013 to 29 November 2013, which comprised John Blake as Chair, Peter Bilbe and Misha Collins. The Remuneration Committee was structured in compliance with Recommendation 8.2 as it consisted only of independent, non-executive directors, was chaired by an independent Chair and had three members. However, following the resignation of Messrs Bilbe and Blake on 29 November 2013, the full Board has performed the role of a Remuneration Committee as the Board believed that there would be no efficiencies gained by establishing a separate Remuneration Committee at this stage. Items that are usually required to be discussed by a Remuneration Committee will be marked as separate agenda items at Board meetings when required. When the Board convenes as the Remuneration Committee it will carry out those functions which are delegated to it in the Company's Remuneration Committee Charter. The Board will deal with any conflicts of interest that may occur when convening in the capacity of the Remuneration Committee by ensuring that the director with conflicting interests is not party to the relevant discussions.

The Remuneration Committee did not hold any meetings during the Reporting Period.

The Board has adopted a Remuneration Committee Charter which describes the role, composition, functions and responsibilities of the Remuneration Committee.

Details of remuneration, including the Company's policy on remuneration, are contained in the "Remuneration Report" which forms of part of the Directors' Report and commences on page [22]. The Company's policy on remuneration clearly distinguishes the structure of non-executive directors' remuneration from that of executive directors and senior executives. Non-executive directors are remunerated at a fixed fee for time, commitment and responsibilities. Remuneration for non-

CORPORATE GOVERNANCE STATEMENT

executive directors is not linked to individual performance. The Company may consider it appropriate to issue unlisted options to non-executive directors, subject to obtaining the relevant approvals. This policy is subject to annual review. All of the directors' option holdings are fully disclosed. The maximum aggregate amount of fees (including superannuation payments) that can be paid to non-executive directors is subject to approval by shareholders at general meeting. Pay and rewards for executive directors and senior executives consists of a base salary and performance incentives. Long term performance incentives may include options granted at the discretion of the Remuneration Committee and subject to obtaining the relevant approvals. The grant of options is designed to recognise and reward efforts as well as to provide additional incentive and may be subject to the successful completion of performance hurdles. Executives are offered a competitive level of base pay at market rates and are reviewed annually to ensure market competitiveness.

There are no termination or retirement benefits for non-executive directors (other than for superannuation).

The Company's Remuneration Committee Charter includes a statement of the Company's policy on prohibiting transactions in associated products which limit the risk of participating in unvested entitlements under any equity based remuneration schemes.

The Company's Remuneration Committee Charter is disclosed on the Company's website.

Performance evaluation

Senior executives

(Recommendations: 1.2, 1.3)

The Company has not developed a formal process for the evaluation of its two senior executives; the Chief Executive Officer and Chief Financial Officer, as the Board believes that the current size and structure of the Company allows effective evaluation on an ongoing basis.

The Chief Executive Officer reviews the performance of the Chief Financial Officer closely on an ongoing basis. Further, the Chief Executive Officer's performance is reviewed by the Chair and the Board. This evaluation is also undertaken on an ongoing basis through open and regular communication.

During the Reporting Period an evaluation of the Chief Executive Officer and the Chief Financial Officer took place in accordance with the process disclosed above.

Board, its committees and individual directors

(Recommendations: 2.5, 2.6)

The Chair is responsible for evaluation of the Board and, when deemed appropriate, Board committees and individual directors.

CORPORATE GOVERNANCE STATEMENT

A formal process for the evaluation of the Board, its committees and individual directors has not been developed as the Board considers that effective evaluation of its performance, the performance of Board committee and individual directors is achieved through ongoing open and regular communication. Performance evaluation of the Board, its committees and individual directors is carried out by ongoing review by the Chair. During the Reporting Period, the Chair also met with directors individually.

During the Reporting Period an evaluation of the Board, its committees and individual directors took place in accordance with the process disclosed above.

The Company's Process for Performance Evaluation is disclosed on the Company's website.

Ethical and responsible decision making

Code of Conduct

(Recommendations: 3.1, 3.5)

The Company has established a Code of Conduct as to the practices necessary to maintain confidence in the Company's integrity, the practices necessary to take into account its legal obligations and the reasonable expectations of its stakeholders and the responsibility and accountability of individuals for reporting and investigating reports of unethical practices.

The Company has also established a Whistleblower Policy. The aim of the policy is to ensure that directors, officers and employees comply with the Company's Code of Conduct. The policy encourages reporting of violations (or suspected violations) and provides effective protection to those reporting by implementing systems for confidentiality and report handling.

A summary of the Company's Code of Conduct and Whistleblower Policy are disclosed on the company's website.

Diversity

(Recommendations: 3.2, 3.3, 3.4, 3.5)

The Company has not established a Diversity Policy, or set measurable objectives for achieving gender diversity. The Board considered the merits of adopting a Diversity Policy, and considers that while the Company's operations are still at feasibility stage and it has a small number of employees, it is not practical to establish a Diversity Policy or to set measurable objectives for achieving gender diversity. The Board will review its position as the Company's circumstances change.

The proportion of women employees in the whole organisation, women in senior executive positions and women on the Board are set out in the following table:

CORPORATE GOVERNANCE STATEMENT

	Proportion of women
Employees in the whole organisation	1 out of 3 (33%)
Senior executive positions	0 out of 2 (0%)
Board	0 out of 4 (0%)

Continuous Disclosure

(Recommendations: 5.1, 5.2)

The Company has established written policies and procedures designed to ensure compliance with ASX Listing Rule disclosure requirements and accountability at a senior executive level for that compliance.

A summary of the Company's Policy on Continuous Disclosure and Compliance Procedures are disclosed on the Company's website.

Shareholder Communication

(Recommendations: 6.1, 6.2)

The Company has designed a communications policy for promoting effective communication with shareholders and encouraging shareholder participation at general meetings.

The Company's Shareholder Communication Policy is disclosed on the Company's website.

Risk Management

(Recommendations: 7.1, 7.2, 7.3, 7.4)

The Board has adopted a Risk Management Policy, which sets out the Company's risk profile. Under the policy, the Board is responsible for approving the Company's policies on risk oversight and management and satisfying itself that management has developed and implemented a sound system of risk management and internal control.

Under the policy, the Board delegates day-to-day management of risk to the Chief Executive Officer, who is responsible for identifying, assessing, monitoring and managing risks. The Chief Financial Officer is also responsible for updating the Company's material business risks to reflect any material changes, with the approval of the Board.

CORPORATE GOVERNANCE STATEMENT

In fulfilling the duties of risk management, the Chief Executive Officer may have unrestricted access to Company employees, contractors and records and may obtain independent expert advice on any matter they believe appropriate, with the prior approval of the Board.

The Board has established a separate Audit Committee to monitor and review the integrity of financial reporting and the Company's internal financial control systems and risk management systems.

In addition, the following risk management measures have been adopted by the Board to manage the Company's material business risks:

- the Board has established authority limits for management, which, if proposed to be exceeded, requires prior Board approval;
- the Board has adopted a compliance procedure for the purpose of ensuring compliance with the Company's continuous disclosure obligations; and
- the Board has adopted a corporate governance manual which contains other policies to assist the Company to establish and maintain its governance practices.

The Company's risk management system includes the preparation of a risk register by management to identify and categorise the Company's material business risks and notes the risk management strategies for those risks. The risk register is reviewed by the Chief Executive Officer and Managing Director reported to the Board on a regular basis. Risk management is a standing agenda item at each Board meeting.

The categories of material business risks detailed in the Company's risk register are: strategic; operational and governance.

The Board has required management to design, implement and maintain risk management and internal control systems to manage the Company's material business risks. The Board also requires management to report to it confirming that those risks are being managed effectively. The Board has received a report from management as to the effectiveness of the Company's management of its material business risks for the Reporting Period.

The Chief Executive Officer, Managing Director and the Chief Financial Officer have provided a declaration to the Board in accordance with section 295A of the Corporations Act and have assured the Board that such declaration is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks.

A summary of the Company's Risk Management Policy is disclosed on the Company's website.

CORPORATE GOVERNANCE STATEMENT

ASX Corporate Governance Council recommendations checklist

The following table sets out the Company's position with regard to adoption of the Principles & Recommendations as at the date of this statement:

Recommendation		Comply
Principle 1:	Lay solid foundations for management and oversight	
1.1	Companies should establish the functions reserved to the board and those delegated to senior executives and disclose those functions.	<input checked="" type="checkbox"/>
1.2	Companies should disclose the process for evaluating the performance of senior executives.	<input checked="" type="checkbox"/>
1.3	Companies should provide the information indicated in the Guide to reporting on Principle 1:	<input checked="" type="checkbox"/>
Principle 2:	Structure the board to add value	
2.1	A majority of the board should be independent directors.	<input checked="" type="checkbox"/>
2.2	The chair should be an independent director.	<input checked="" type="checkbox"/>
2.3	The roles of chair and chief executive officer should not be exercised by the same individual.	<input checked="" type="checkbox"/>
2.4	The board should establish a nomination committee.	<input type="checkbox"/>
2.5	Companies should disclose the process for evaluating the performance of the board, its committees and individual directors.	<input checked="" type="checkbox"/>
2.6	Companies should provide the information indicated in the Guide to reporting on Principle 2:	<input checked="" type="checkbox"/>
Principle 3:	Promote ethical and responsible decision-making	
3.1	Companies should establish a code of conduct and disclose the code or a summary of the code as to: <ul style="list-style-type: none"> the practices necessary to maintain confidence in the company's integrity; the practices necessary to take into account their legal obligations and the reasonable expectations of their stakeholders; and the responsibility and accountability of individuals for reporting and investigating reports of unethical practices. 	<input checked="" type="checkbox"/>
3.2	Companies should establish a policy concerning diversity and disclose the policy or a summary of that policy. The policy should include requirements for the board to establish measurable objectives for achieving gender diversity for the board to assess annually both the objectives and progress in achieving them.	<input type="checkbox"/>
3.3	Companies should disclose in each annual report the measurable objectives for achieving gender diversity set by the board in accordance with the diversity policy and progress towards achieving them.	<input type="checkbox"/>
3.4	Companies should disclose in each annual report the proportion of women employees in the whole organisation, women in senior executive positions and women on the board.	<input checked="" type="checkbox"/>
3.5	Companies should provide the information indicated in the Guide to reporting on Principle 3:	<input checked="" type="checkbox"/>
Principle 4:	Safeguard integrity in financial reporting	
4.1	The board should establish an audit committee.	<input checked="" type="checkbox"/>
4.2	The audit committee should be structured so that it: consists only of non-executive directors; consists of a majority of independent directors; is chaired by an independent chair, who is not chair of the board; and has at least three members.	<input checked="" type="checkbox"/>
4.3	The audit committee should have a formal charter.	<input checked="" type="checkbox"/>
4.4	Companies should provide the information indicated in the Guide to reporting on Principle 4:	<input checked="" type="checkbox"/>
Principle 5:	Make timely and balanced disclosure	
5.1	Companies should establish written policies designed to ensure compliance with ASX Listing	<input checked="" type="checkbox"/>

CORPORATE GOVERNANCE STATEMENT

	Rule disclosure requirements and to ensure accountability at senior executive level for that compliance and disclose those policies or a summary of those policies.	
5.2	Companies should provide the information indicated in the Guide to reporting on Principle 5:	<input checked="" type="checkbox"/>
Principle 6:	Respect the rights of shareholders	
6.1	Companies should design a communications policy for promoting effective communication with shareholders and encouraging their participation at general meetings and disclose their policy or a summary of the policy.	<input checked="" type="checkbox"/>
6.2	Companies should provide the information indicated in the Guide to reporting on Principle 6:	<input checked="" type="checkbox"/>
Principle 7:	Recognise and manage risk	
7.1	Companies should establish policies for the oversight and management of material business risks and disclose a summary of those policies.	<input checked="" type="checkbox"/>
7.2	The board should require management to design and implement the risk management and internal control system to manage the company's material business risks and report to it on whether those risks are being managed effectively. The board should disclose that management has reported to it as to the effectiveness of the company's management of its material business risks.	<input checked="" type="checkbox"/>
7.3	The board should disclose whether it has received assurance from the chief executive officer (or equivalent) and the chief financial officer (or equivalent) that the declaration provided in accordance with section 295A of the Corporations Act is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks..	<input checked="" type="checkbox"/>
7.4	Companies should provide the information indicated in the Guide to reporting on Principle 7:	<input checked="" type="checkbox"/>
Principle 8:	Remunerate fairly and responsibly	
8.1	The board should establish a remuneration committee.	<input checked="" type="checkbox"/>
8.2	The remuneration committee should be structured so that it: consists of a majority of independent directors; is chaired by an independent chair; and has at least three members.	<input checked="" type="checkbox"/>
8.3	Companies should clearly distinguish the structure of non-executive directors' remuneration from that of executive directors and senior executives.	<input checked="" type="checkbox"/>
8.4	Companies should provide the information indicated in the Guide to reporting on Principle 8:	<input checked="" type="checkbox"/>

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2014

	Notes	Consolidated	
		2014 \$	Restated 2013 \$
Other revenue	3	2,352	15,545
Total revenue		<u>2,352</u>	<u>15,545</u>
Corporate secretarial expenses		(76,673)	(71,814)
Depreciation and amortisation	6	(221,232)	(207,822)
Employee benefits expense		(2,660,203)	(2,744,735)
External consultancy expenses		(2,200,145)	(994,668)
Insurance expense		(13,696)	(22,736)
Rental expense	3(a)(i)	(798)	(11,979)
Share based payments	14(a), 21(b)	(89,968)	(42,165)
Travel and entertainment expenses		(74,495)	(288,955)
Provision for impairment of capitalised exploration and evaluation costs	7(a)	(13,803,831)	-
Other expenses		(1,511,627)	(2,576,356)
Loss before income tax		<u>(20,650,316)</u>	<u>(6,945,685)</u>
Income tax expense	3(b)	-	-
Net loss		(20,650,316)	(6,945,685)
Other comprehensive income			
<i>Items that will never be classified to profit or loss</i>		-	-
<i>Items that may be classified to profit or loss</i>			
Movement in foreign currency translation reserve		(747,552)	3,574,122
Other comprehensive income for the year, net of tax		(747,552)	3,574,122
Total comprehensive loss for the year		(21,397,868)	(3,371,563)
Loss after income tax attributable to:			
Members of Sihayo Gold Limited		(19,180,066)	(5,614,697)
Non controlling interest		(1,470,250)	(1,330,988)
		<u>(20,650,316)</u>	<u>(6,945,685)</u>
Comprehensive loss after income tax attributable to:			
Members of Sihayo Gold Limited		(19,603,179)	(2,040,575)
Non controlling interest		(1,794,689)	(1,330,988)
		<u>(21,397,868)</u>	<u>(3,371,563)</u>
Basic/diluted loss per share in cents	22	(2.08)	(0.69)

The above Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying note

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2014

	Notes	2014 \$	Consolidated Restated 2013 \$	Restated 1 July 2012 \$
CURRENT ASSETS				
Cash and cash equivalents	21	87,019	3,007,754	11,130,476
Trade and other receivables	4	277,981	586,393	862,961
Other financial assets	5	8,550	8,550	16,950
TOTAL CURRENT ASSETS		<u>373,550</u>	<u>3,602,697</u>	<u>12,010,387</u>
NON-CURRENT ASSETS				
Other assets	7(a)	11,024,807	25,493,363	15,642,395
Inventory	7(b)	2,593	18,145	31,496
Tax receivables	4	2,606,422	2,480,781	1,706,723
Property, plant and equipment	6	443,709	714,968	833,055
TOTAL NON-CURRENT ASSETS		<u>14,077,531</u>	<u>28,707,257</u>	<u>18,213,669</u>
TOTAL ASSETS		<u>14,451,081</u>	<u>32,309,954</u>	<u>30,224,056</u>
CURRENT LIABILITIES				
Trade and other payables	8	527,769	1,751,405	1,243,361
Loan payable	10	250,992	-	-
Provisions	9	26,900	28,568	94,888
Other liabilities		23,605	23,605	23,605
TOTAL CURRENT LIABILITIES		<u>829,266</u>	<u>1,803,578</u>	<u>1,361,854</u>
NON-CURRENT LIABILITIES				
Provisions	9	388,177	669,446	516,198
TOTAL NON-CURRENT LIABILITIES		<u>388,177</u>	<u>669,446</u>	<u>516,198</u>
TOTAL LIABILITIES		<u>1,217,443</u>	<u>2,473,024</u>	<u>1,878,052</u>
NET ASSETS		<u>13,233,638</u>	<u>29,836,930</u>	<u>28,346,004</u>
SHAREHOLDERS' EQUITY				
Parent entity interest :				
Contributed equity	11	100,025,876	95,321,268	90,500,944
Reserves	12(a)	9,349,430	9,682,575	6,066,288
Accumulated losses	12(b)	(92,337,194)	(73,157,128)	(67,542,431)
Total parent entity interest		17,038,112	31,846,715	29,024,801
Minority interest in controlled entities	20(b)	(3,804,474)	(2,009,785)	(678,797)
TOTAL SHAREHOLDERS' EQUITY		<u>13,233,638</u>	<u>29,836,930</u>	<u>28,346,004</u>

The above Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2014

	Notes	2014 \$	Consolidated Restated 2013 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Payments to creditors and suppliers		(5,173,289)	(3,580,212)
Payment to employees		(2,480,785)	(2,456,240)
Exploration expenditure			
Interest received		2,352	15,545
NET CASH FLOWS (USED) IN OPERATING ACTIVITIES	21(b)	(7,651,722)	(6,020,907)
CASH FLOWS FROM INVESTING ACTIVITIES			
Mining exploration & evaluation expenditure		-	(7,002,270)
Purchase of property, plant and equipment		(15,125)	(67,005)
Proceeds from sale of property, plant & equipment		46,412	-
NET CASH RECEIVED / (USED) IN INVESTING ACTIVITIES		31,287	(7,069,275)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of shares and options		4,958,516	4,820,324
Share and option issue costs		-	-
Payment of unmarketable securities		-	-
Cost of shares to be issued		(253,907)	-
NET CASH FLOWS FROM FINANCING ACTIVITIES		4,704,609	4,820,324
Net (decrease)/increase in cash and cash equivalents held		(2,915,826)	(8,269,858)
Effects of exchange rate changes on cash		(4,909)	147,136
Cash and cash equivalents at the beginning of the financial year		3,007,754	11,130,476
Cash and cash equivalents at the end of the financial year	21	87,019	3,007,754

The above Consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2014

Consolidated

	\$ Share Capital & shares to be issued	\$ Options & Equity Reserve	\$ FX Reserve	\$ Accum Losses	\$ Non Controlling Interest	\$ Total
Balance at 1.7.12 (Previously reported)	90,500,944	2,230,437	5,080,330	(70,144,504)	678,797	28,346,004
Correction of error	-	-	(1,244,479)	2,602,073	(1,357,594)	-
As 1 July 2012 (Restated)	90,500,944	2,230,437	3,835,851	(67,542,431)	(678,797)	28,346,004
Total comprehensive income for the year	-	-	-	(5,614,697)	(1,330,988)	(6,945,685)
<u>Other comprehensive income:</u>						
Movement in foreign currency translation reserve	-	-	3,574,122	-	-	3,574,122
Issue of shares	4,820,324	42,165	-	-	-	4,862,489
Share issue costs	-	-	-	-	-	-
Issue of options	-	-	-	-	-	-
Balance at 30.06.13 (Restated)	95,321,268	2,272,602	7,409,973	(73,157,128)	(2,009,785)	29,836,930
Balance at 1.7.13 (Restated)	95,321,268	2,272,602	7,409,973	(73,157,128)	(2,009,785)	29,836,930
Total Comprehensive income for the year	-	-	-	(19,180,066)	(1,470,250)	(20,650,316)
<u>Other comprehensive income:</u>						
Movement in foreign currency translation reserve	-	-	(423,113)	-	(324,439)	(747,552)
Movement in OEI	-	-	-	-	-	-
Issue of shares	4,704,608	89,968	-	-	-	4,794,576
Share issue costs	-	-	-	-	-	-
Issue of options	-	-	-	-	-	-
Balance at 30.06.14	100,025,876	2,362,570	6,986,860	(92,337,194)	(3,804,474)	13,233,638

The above Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes

NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended 30 June 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements are general purpose financial statements that have been prepared in accordance with Accounting Standards of the Australian Accounting Standards Board and the *Corporations Act 2001*.

The financial statements cover the economic entity of Sihayo Gold Limited and its controlled entities, and was authorised for issue in accordance with a resolution of the Directors on 30 September 2014. Sihayo Gold Limited is a listed public company, incorporated and domiciled in Australia.

The following is a summary of the material accounting policies adopted by the economic entity in the preparation of the financial report. The accounting policies have been consistently applied, unless otherwise stated.

Basis of Preparation

Statement of compliance

The financial report is a general purpose financial report which has been prepared in accordance with Australian Accounting Standards (AASBs) and the Corporations Act 2001. The consolidated financial report of the Company also complies with International Financial Reporting Standards and interpretations adopted by the International Accounting Standards Board.

Adoption of New and Revised Accounting Standards

In the current year, the group has adopted all of the new and revised standards and interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to its operations and effective for the current annual reporting period. The adoption of these new and revised Standards and Interpretations has not resulted in any material changes to the Group's accounting policies.

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2014 reporting year. The group's assessment of the impact of these new standards and interpretations is set out below:

- *AASB 9 Financial Instruments* and associated Amending Standards (applicable for annual reporting period commencing 1 January 2017)

AASB 9 (2009) introduces new requirements for the classification and measurement of financial assets. Under AASB 9, financial assets are classified and measured based on the business model in which they are held and the characteristics of their contractual cash flows. The 2010 revisions introduce additional changes relating to financial liabilities.

The Standard will be applicable retrospectively (subject to the comment on hedge accounting below) and includes revised requirements for the classification and measurement of financial instruments, revised recognition and derecognition requirements for financial instruments and simplified requirements for hedge accounting.

Key changes made to this standard that may affect the Group on initial application include certain simplifications to the classification of financial assets, simplifications to the accounting of

NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended 30 June 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

embedded derivatives, and the irrevocable election to recognise gains and losses on investments in equity instruments that are not held for trading in other comprehensive income. AASB 9 also introduces a new model for hedge accounting that will allow greater flexibility in the ability to hedge risk, particularly with respect to hedges of non-financial items. Should the entity elect to change hedge policies in line with the new hedge accounting requirements of AASB 9, the application of such accounting would be largely prospective.

Although the directors anticipate that the adoption of AASB 9 may have an impact on the Group's financial instruments, including hedging activity, it is impractical at this stage to provide a reasonable estimate of such impact.

- *Other standards not yet applicable*

These standards are not expected to have a material impact on the entity in the current or future reporting periods.

Standard/Interpretation	Effective for annual reporting periods beginning on or after	Expected to be initially applied in the financial year ending
AASB 1031 'Materiality' (2013)	1 January 2014	30 June 2015
AASB 2012-3 'Amendments to Australian Accounting Standards – Offsetting Financial Assets and Financial Liabilities'	1 January 2014	30 June 2015
AASB 2013-3 'Amendments to AASB 136 – Recoverable Amount Disclosures for Non-Financial Assets'	1 January 2014	30 June 2015
AASB 2013-4 'Amendments to Australian Accounting Standards – Novation of Derivatives and Continuation of Hedge Accounting'	1 January 2014	30 June 2015
AASB 2013-5 'Amendments to Australian Accounting Standards – Investment Entities'	1 January 2014	30 June 2015
AASB 2013-9 'Amendments to Australian Accounting Standards – Conceptual Framework, Materiality and Financial Instruments'	1 January 2014	30 June 2015

NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended 30 June 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

New standards and interpretations Adopted in 2013/14 FY

The Group has adopted the following new standards and amendments to standards, including any consequential amendments to other standards, with a date of initial application of 1 January 2013.

- AASB 10: *Consolidated Financial Statements*;
- AASB 11: *Joint Arrangements*;
- AASB 12: *Disclosure of Interests in Other Entities*;
- AASB 13: *Fair Value Measurement*;
- AASB 119: *Employee Benefits*; and
- AASB 127: *Separate Financial Statements*
-

Accounting Standard and Interpretation

AASB 10 'Consolidated Financial Statements' and AASB 2011-7 'Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements standards'

AASB 10 replaces the parts of AASB 127 'Consolidated and Separate Financial Statements' that deal with consolidated financial statements and provides a revised definition of "control" such that an investor controls an investee when:

- a) it has power over an investee;
- b) it is exposed, or has rights, to variable returns from its involvement with the investee; and
- c) has the ability to use its power to affect its returns.

All three of these criteria must be met for an investor to have control over an investee. This may result in an entity having to consolidate an investee that was not previously consolidated and/or deconsolidate an investee that was consolidated under the previous accounting pronouncements.

There have been no changes to the treatment of investees compared to prior year.

AASB 11 'Joint Arrangements' and AASB 2011-7 'Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements standards'.

AASB 11 replaces AASB 131 'Interests in Joint Ventures. AASB 11 deals with how a joint arrangement of which two or more parties have joint control should be classified and accounted for. Under AASB 11, there are only two types of joint arrangements – joint operations and joint ventures. The classification of joint arrangements under AASB 11 is determined based on the rights and obligations of parties to the joint arrangements

NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended 30 June 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

by considering the structure, the legal form of the arrangements, the contractual terms agreed by the parties to the arrangement, and, when relevant, other facts and circumstances.

Application of this standard has not impacted on the financial statements of the Group.

AASB 12 'Disclosure of Interests in Other Entities' and AASB 2011-7 'Amendments to Australian Accounting Standards arising from the consolidation and Joint Arrangements standards'.

AASB 12 is a new disclosure standard and is applicable to entities that have interests in subsidiaries, joint arrangements, associates and/or unconsolidated structured entities. In general, the application of AASB 12 has resulted in more extensive disclosures in the consolidated financial statement.

AASB 13 'Fair Value Measurement' and AASB 2011-8 'Amendments to Australian Accounting Standards arising from AASB 13'

The Group has applied AASB 13 for the first time in the current year. AASB 13 establishes a single source of guidance for fair value measurements and disclosures about fair value measurements. The scope of AASB 13 is broad; the fair value measurement requirements of AASB 13 apply to both financial instrument items and non-financial instrument items for which other AASBs require or permit fair value measurements and disclosures about fair value measurements, except for share based payment transactions that are within the scope of AASB 2 'Share-based Payment', leasing transactions that are within the scope of AASB 117 'Leases', and measurements that have some similarities to fair value but are not fair value (e.g. net realisable value for the purposes of measuring inventories or value in use for impairment assessment purposes).

a) . Reporting Basis and Conventions

The financial report has been prepared on an accruals basis and is based on historical costs modified by the revaluation of selected non-current assets, financial assets and financial liabilities for which the fair value basis of accounting has been applied

NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended 30 June 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

aa) Correction of prior-period errors

Sihayo Gold Limited (“Sihayo Gold” or “the Company”) has been providing loans to its subsidiary in Indonesia, PT Sorikmas to fund ongoing exploration activities. In the financial year ended 30 June 2011, the loan from Sihayo Gold to its PT Sorikmas was fair valued resulting in a fair value reserve of US\$ 9,241,699 at the recommendation of the then newly appointed subsidiary auditor. At each reporting date, interest unwound on the loan is charged to the statement of profit or loss and credited to the fair value reserve.

On consolidation, the interest expense was not properly eliminated against the inter-company loans but rather was treated as a movement in foreign currency translation on the loan between the Company and its subsidiaries. As foreign currency movements on loans are taken to the foreign currency reserve due to the fact that the repayment of these loans from the Company to its subsidiaries is neither planned nor anticipated in the foreseeable future, the effect of the interest on loans was taken to the foreign currency translation reserve.

During the current reporting period the Group reviewed its consolidation worksheets to ensure that all inter-company balances are appropriately reconciled and interest on loans between the Company and its subsidiaries is appropriately eliminated on consolidation. Consequently, these errors were noted and have been corrected.

In addition, the non-controlling interest in PT Sorikmas mining have been restated to ensure they reflect the position at 30 June 2014.

NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended 30 June 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

1 July 2012 Opening Comparative

As this error was made in a reporting period prior to the comparative period (i.e. 30 June 2013), the Statement of Financial Position opening balances as at 1 July 2012 were restated, in accordance with AASB 101 *Presentation of Financial Statements*, as follows:

	30 June 2012 (Previously Reported)	Increase/ (Decrease)	Restated 30 June 2012
	\$	\$	\$
Statement of Financial Position (Extract)			
Equity	90,500,944	-	90,500,944
Reserves	7,310,767	(1,244,479)	6,066,288
Accumulated Losses	(70,144,504)	2,602,073	(67,542,431)
Non-Controlling Interest	678,797	(1,357,594)	(678,797)
Total Equity	<u>28,346,004</u>	-	<u>28,346,004</u>

Statement of Financial Position amounts other than those mentioned above were not affected by the correction of prior period error.

30 June 2013 Comparatives

The impact of the correction of the error on the 30 June 2013 comparatives is summarised as follows:

	30 June 2013 (Previously Reported)	Increase/ (Decrease)	Restated 30 June 2013
	\$	\$	\$
Statement of Financial Position (Extract)			
Equity	95,321,268	-	95,321,268
Reserves	12,589,813	(2,907,238)	9,682,575
Accumulated Losses	(80,083,936)	6,926,808	(73,157,128)
Non-Controlling Interest	2,009,785	(4,019,570)	(2,009,785)
Total Equity	<u>29,836,930</u>	-	<u>29,836,930</u>

NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended 30 June 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Statement of Financial Position amounts other than those mentioned above were not affected by the correction of prior period error.

	30 June 2013 (Previously Reported)	Increase/ (Decrease)	Restated 30 June 2013
	\$	\$	\$
Statement of Profit or Loss and other Comprehensive (Extract)			
Other Expenses	(5,570,102)	2,993,747	(2,576,355)
Loss for the year	(9,939,432)	2,993,747	(6,945,685)
Other comprehensive income	(5,236,881)	8,811,003	3,574,122
Total (loss) attributable to:			
Owners of Sihayo Gold Limited	(8,608,444)	2,993,747	(5,614,697)
Non-controlling interests	(1,330,988)	-	(1,330,988)
Total (loss) for the year	(9,939,432)	2,993,747	(6,945,685)
Total comprehensive (loss) attributable to:			
Owners of Sihayo Gold Limited	(13,845,325)	11,804,750	(2,040,575)
Non-controlling interests	(1,330,988)	-	(1,330,988)
Total (loss) for the year	(15,176,313)	11,804,750	(3,371,563)
Basic/diluted loss per share in cents	(1.06)		(0.69)

b) Going Concern

The consolidated financial statements have been prepared on a going concern basis.

However, the ability of the Company and the consolidated entity to actively explore and continue as a going concern, and to meet their debts and commitments as they fall due, is dependent upon further capital raisings.

The Directors are confident that the Company will be successful in raising further capital and, accordingly, have prepared the financial statements on a going concern basis. At this time, the Directors are of the opinion that no asset is likely to be realised for an amount less than the amount at which it is recorded in the financial report at 30 June 2014. Accordingly, no adjustments have been made to the financial report relating to the recoverability and classification of the asset carrying amounts or the amounts and classification of liabilities that might be necessary should the Company not continue as a going concern.

NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended 30 June 2014

1.SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

c) Principles of Consolidation

The consolidated financial statements incorporate the assets, liabilities and results of entities controlled by Sihayo Gold Limited and all of the subsidiaries. Subsidiaries are entities the parent controls. The parent controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. A list of the subsidiaries is provided in Note 20.

The assets, liabilities and results of all subsidiaries are fully consolidated into the financial statements of the Group from the date on which control is obtained by the Group. The consolidation of a subsidiary is discontinued from the date that control ceases. Intercompany transactions, balances and unrealised gains or losses on transactions between Group entities are fully eliminated on consolidation. Accounting policies of subsidiaries have been changed and adjustments made where necessary to ensure uniformity of the accounting policies adopted by the Group.

Equity interests in a subsidiary not attributable, directly or indirectly, to the Group are presented as "non controlling interests". The Group initially recognises non-controlling interests that are present ownership interests in subsidiaries and are entitled to a proportionate share of the subsidiary's net assets on liquidation at either fair value or at the non-controlling interests' proportionate share of the subsidiary's net assets. Subsequent to initial recognition, non-controlling interests are attributed their share of profit or loss and each component of other comprehensive income. Non-controlling interests are shown separately within the equity section of the statement of financial position and statement of comprehensive income.

d) Business Combinations

The purchase method of accounting is used to account for business combinations regardless of whether equity instruments or other assets are acquired. The cost of a business combination is measured as the fair value of the assets given, shares issued or liabilities incurred or assumed at the date of exchange and the amount of any non-controlling interest in the acquiree. For each business combination, the acquirer measures the non-controlling interest in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred.

Where equity instruments are issued in a business combination, the fair value of the instruments is their published market price as at the date of exchange unless, in rare circumstances, it can be demonstrated that the published price at the date of exchange is an unreliable indicator of fair value and that other evidence and valuation methods provide a more reliable measure of fair value.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any non-controlling interest. The excess of the cost of the business combination over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets acquired, the difference is recognised directly in the Statement of Comprehensive Income, but only after a reassessment of the identification and measurement of the net assets acquired.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured at fair value as at the acquisition date through profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended 30 June 2014

1.SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

d) Business Combinations (continued)

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

e) Income Tax

The charge for current income tax expenses is based on the profit for the year adjusted for any non-assessable or disallowed items. It is calculated using tax rates that have been enacted or are substantively enacted by the balance sheet date.

Deferred tax is accounted for using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or liability is settled. Deferred tax is credited in the statement of comprehensive income except where it relates to items that may be credited directly to equity, in which case the deferred tax is adjusted directly against equity.

Deferred income tax assets are recognised to the extent that it is probable that future tax profits will be available against which deductible temporary differences can be utilised.

The amount of benefits brought to account or which may be realised in the future is based on the assumption that no adverse change will occur in income tax legislation and the anticipation that the economic entity will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law.

f) Property, Plant & Equipment

Each class of property, plant and equipment is carried at cost or fair value less, where applicable, any accumulated depreciation and impairment losses.

Plant and equipment

Property, plant and equipment are measured on the cost basis less depreciation and impairment losses.

The carrying amount of plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the assets employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts

Depreciation

The depreciable amount of all Property, Plant and Equipment (other than Leasehold Improvements and certain plant and equipment which are based on the prime cost method) is based on the diminishing value

NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended 30 June 2014

1.SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

f) Property, plant & Equipment (continued)

method over their useful lives to the Company commencing from the time the assets are held ready for use. The depreciation rates used for plant and equipment vary between 2.5% and 40%.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying value is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the statement of comprehensive income.

g) Acquisition of Assets

The purchase method of accounting is used for all acquisitions of assets regardless of whether shares or other assets are acquired. Cost is determined as the fair value of the assets given up, shares issued or liabilities undertaken at the date of acquisition plus costs incidental to the acquisition. Where shares are issued in an acquisition, the value of the shares is determined having reference to the fair value of the assets or net assets acquired, including goodwill or discount on acquisition where applicable.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of the acquisition. The discount rate used is the rate at which a similar borrowing could be obtained under comparable terms and conditions.

h) Exploration and Evaluation Expenditure

Exploration, evaluation and development expenditure incurred is accumulated in respect of each identifiable area of interest. These costs are only carried forward to the extent that they are expected to be recouped through the successful development of the area or where activities in the areas have not yet reached a stage that permits reasonable assessment of the existence of economically recoverable reserves.

Accumulated costs in relation to an abandoned area are written off in full against profit in the year in which the decision to abandon the area is made.

When production commences, the accumulated costs for the relevant area of interest are amortised over the life of the area according to the rate of depletion of the economically recoverable reserves.

A regular review is undertaken of each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest.

NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended 30 June 2014

1.SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

i) Financial Instruments

Recognition

Financial instruments are initially measured at cost on trade date, which includes transaction costs, when the related contractual rights or obligations exist. Subsequent to initial recognition these instruments are measured as set out below.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are stated at amortised cost using the effective interest rate method.

Financial liabilities

Non-derivative financial liabilities are recognised at amortised cost, comprising original debt less principal payments and amortisation.

Fair value

Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value for all unlisted securities, including recent arm's length transactions, reference to similar instruments and option pricing models.

Impairment

At each reporting date, the group assesses whether there is objective evidence that a financial instrument has been impaired. Impairment losses are recognised in the statement of comprehensive income.

j) Impairment of Assets

At each reporting date, the group reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the statement of comprehensive income.

k) Interests in Joint Arrangements

Joint arrangements represent the contractual sharing of control between parties in a business venture where unanimous decisions about relevant activities are required.

Separate joint venture entities providing joint venturers with an interest to net assets are classified as a "joint venture" and accounted for using the equity method.

Joint venture operations represent arrangements whereby joint operators maintain direct interests in each asset and exposure to each liability of the arrangement. The Group's interests in the assets, liabilities, revenue and expenses of joint operations are included in the respective line items of the consolidated financial statements.

NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended 30 June 2014

1.SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

k) Interest in Joint Arrangements (Continued)

Gains and losses resulting from sales to a joint operation are recognised to the extent of the other parties' interests. When the Group makes purchases from a joint operation, it does not recognise its share of the gains and losses from the joint arrangement until it resells those goods/assets to a third party.

l) Functional and Presentation Currency

The functional currency of each of the group's entities is measured using the currency of the primary economic environment in which that entity operates. The consolidated financial statements are presented in Australian dollars which is the parent entity's functional and presentation currency.

m) Foreign Currency Transactions and Balances

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the year end exchange rate. Non-monetary items measured at historical costs continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

Exchange differences arising on the translation of monetary items are recognised in the statement of comprehensive income, except where deferred in equity as a qualifying cashflow or net investment hedge.

Exchange differences arising on the translation of non-monetary items are recognised directly in equity to the extent that the gain or loss is directly recognised in equity, otherwise the exchange difference is recognised in the statement of comprehensive income.

n) Group Companies

The financial results and position of foreign operations whose functional currency is different from the group's presentation currency are translated as follows:

- Assets and Liabilities are translated at year-end exchange rates prevailing at that reporting date.
- Income and expenses are translated at average exchange rates for the period.

Exchange rate differences arising on translation of foreign operations are transferred directly to the group's foreign currency translation reserve in the statement of financial position. These differences are recognised in the statement of comprehensive income in the period in which the operation is disposed.

o) Revenue

Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets. Revenue from the sale of assets is recognised at the date that the contract is entered into.

All revenue is stated net of the amount of goods and services tax (GST)

NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended 30 June 2014

1.SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

p) Employee Benefits

Provision is made for the group's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled, plus related on-costs. Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits.

q) Provisions

Provisions are recognised when the group has a legal or constructive obligation, as a result of a past event, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

r) Cash and Cash Equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with banks, other short term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within short term borrowings in current liabilities on the statement of financial position.

s) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST is not recoverable from the Australian Taxation Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST.

Cash flows are presented in the statement of cash flows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

t) Share Based Payment Transactions

The group provides benefits to the directors and senior executives in the form of share-based payment transactions, whereby services are rendered in exchange for shares or rights over shares ('equity settled transactions').

The cost of these equity settled transactions with directors is measured by reference to the fair value at the date at which they are granted. The fair value is determined by an external valuer using the Black- Scholes model.

In valuing equity-settled transactions, no account is taken of any performance conditions, other than conditions linked to the price of the shares of Sihayo Gold Limited.

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the market conditions are fulfilled.

The cumulative expense recognised for equity-settled transactions at each reporting date until vesting date reflects (i) the extent to which the vesting period has expired and (ii) the number of awards that in the

NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended 30 June 2014

1.SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

t) Share Based Payment Transactions (continued)

opinion of the directors will ultimately vest. The opinion is formed on the best available information at balance date. No adjustment is made for the likelihood of market performance conditions being met as the effect of these conditions is included in the determination of fair value at grant date.

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is conditional upon market condition.

Where the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified. In addition, an expense is recognised for any increase in the value of the transaction as a result of the modification, as measured at the date of modification.

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award, and designated as a replacement award on the date that it is granted, the cancelled and new award are treated as if they were a modification of the original award, as described in the previous paragraph.

The dilutive effect, if any, of outstanding options is reflected as additional share dilution in the computation of earnings per share.

u) Trade and Other Receivables

CURRENT

All trade debtors are recognised at the amounts receivable as they are due for settlement no more than 30 days from the date of recognition. Collectability of trade debtors is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off. A provision for doubtful debts is raised when some doubt as to collection exists and in any event when the debt is more than 60 days overdue.

NON-CURRENT

All debtors that are not expected to be received within 12 months of reporting date are included in non-current receivables. Collectability of non-current receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off. A provision for doubtful debts is raised when some doubt as to collection exists.

v) Trade and Other Creditors

These amounts represent liabilities for goods and services provided to the consolidated entity prior to the end of the financial year and which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition

w) Operating Leases

Operating lease payments are charged to the Statement of comprehensive income in the periods in which they are incurred, as this represents the pattern of benefits derived from the leased assets.

NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended 30 June 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

x) Significant Accounting Judgements, Estimates and Assumptions

Significant accounting judgements

In the process of applying the Group's accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial statements:

Exploration and evaluation assets

The Group's accounting policy for exploration and evaluation expenditure is set out above. The application of this policy necessarily requires management to make certain estimates and assumptions as to future events and circumstances, in particular, the assessment of whether economic quantities of reserves are found. Any such estimates and assumptions may change as new information becomes available.

Significant accounting estimates and assumptions

The carrying amounts of certain assets and liabilities are often determined based on estimates and assumptions of future events. The key estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of certain assets and liabilities within the next annual reporting period are:

Recovery of deferred assets

Deferred tax assets are recognised for deductible temporary differences when management considers that it is probable that future taxable profits will be available to utilise those temporary differences.

Share-based payment transactions

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The Group measures the cost of cash-settled share-based payments at fair value at the grant date using the Black-Scholes model taking into account the terms and conditions upon which the instruments were granted.

y) Segment Reporting

The Group determines and presents operating segments based on the information that internally is provided to the Managing Director, who is the Group's chief operating decision maker. An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. All operating segments' operating results are regularly reviewed by the Managing Director to make decisions about resources to be allocated to the segment and assess its performance.

Unless stated otherwise, all amounts reported to the Board of Directors as the chief decision maker with respect to operating segments are determined in accordance with accounting policies that are consistent to those adopted in the annual financial statements of the Group.

Intersegment loans payable and receivable are initially recognised at the consideration received net of transaction costs. If intersegment loans receivable and payable are not on commercial terms, these are not adjusted to fair value on market interest rates.

NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended 30 June 2014

1.SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

z) Comparative Figures

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

2 .RISK MANAGEMENT

(a) Interest rate risk

The Consolidated Entity and the Company's exposure to interest rate risk, is the risk that a financial instrument's value will fluctuate as a result of changes in market interest rates and the effective weighted average interest rate on classes of financial assets and liabilities. The Consolidated Entity and the Company do not have a major exposure in this area as the interest rate earned on deposited funds does not vary greatly from month to month.

Consolidated Entity 2014

	Floating Interest Rate	Fixed interest maturing in			Non interest bearing	Total carrying amount at balance sheet	Applicable interest rate on 30 June
		1 year or less	1 to 5 years	More than 5 years			
	\$	\$	\$	\$	\$	\$	%
<i>Financial Assets</i>							
Cash and cash equivalents	87,019	-	-	-	-	87,019	3.50%
Trade and other receivables	-	277,981	-	-	2,606,422	2,884,403	-
Other financial assets	-	-	-	-	8,550	8,550	-
Deposits	-	-	32,683	-	-	32,683	5.00%
Total Financial Assets	87,019	277,981	32,683	-	2,614,972	3,012,655	
<i>Financial Liabilities</i>							
Trade and other payables	-	-	-	-	527,769	527,769	
Loan Payable	-	250,992	-	-	-	250,992	
Other	-	-	-	-	23,605	23,605	
Total Financial Liabilities	-	250,992	-	-	551,374	802,366	

NOTES TO THE FINANCIAL STATEMENTS
For The Year Ended 30 June 2014

2 .RISK MANAGEMENT (continued)

Consolidated Entity
2013

	Floating Interest Rate	Fixed interest rate maturing in			Non interest bearing	Total carrying amount at balance sheet	Applicable interest rate on 30 June
		1 year or less	1 to 5 years	More than 5 years			
	\$	\$	\$	\$	\$	\$	%
<i>Financial Assets</i>							
Cash and cash equivalents	3,007,754	-	-	-	-	3,007,754	3.75%
Trade and other receivables	-	586,393	-	-	2,480,781	3,067,174	-
Other financial assets	-	-	-	-	8,550	8,550	-
Deposits	-	-	23,085	-	-	23,085	5.00%
Total Financial Assets	3,007,754	586,393	23,085	-	2,489,331	6,106,563	
<i>Financial Liabilities</i>							
Trade and other payables	-	-	-	-	1,537,731	1,537,731	
Other	-	-	-	-	23,605	23,605	
Total Financial Liabilities	-	-	-	-	1,561,336	1,561,336	

(b) Credit risk exposures

The Consolidated Entity and the Company has no significant concentrations of credit risk. The maximum exposure to credit risk at balance date is the carrying amount (net of provision of doubtful debts) of those assets as disclosed in the statement of financial position and note 23.

As the Consolidated Entity and Company does not presently have any debtors arising from sales, lending, significant stock levels or any other credit risk, a formal credit risk management policy is not maintained.

(c) Foreign currency risk management

The Consolidated Entity and the Company is exposed to fluctuations in foreign currencies arising from costs incurred at overseas mineral exploration tenements. To mitigate this risk the Company holds cash in the currency in which it forecasts the costs will be incurred.

NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended 30 June 2014

2 .RISK MANAGEMENT (continued)

(d) Liquidity risk

Liquidity risk is the risk that the Consolidated Entity and the Company will not be able to meet its financial obligations as they fall due. Financial obligations of the Consolidated Entity and the Company consist of trade creditors and other payables.

The Company has not conducted a sensitivity analysis on credit or interest rate risk as the amounts are not considered significant.

(e) Financial risk management

2014	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
Financial assets	-	-	-	-
Shares in listed companies	8,550	-	-	8,550
	8,550			8,550
2013				
Financial assets	-	-	-	-
Shares in listed companies	8,550	-	-	8,550
	8,550			8,550

Included within Level 1 of the hierarchy are listed investments. The fair values of these financial assets and liabilities have been based on the closing quoted prices at reporting date, excluding transaction costs.

In valuing unlisted investments – included in Level 2 of the hierarchy – valuation techniques such as those using comparisons to similar investments for which market observable prices are available have been adopted to determine the fair values of these investments.

Derivative instruments are included in Level 2 of the hierarchy with the fair values determined using valuation techniques incorporating observable market data relevant to the hedged position.

NOTES TO THE FINANCIAL STATEMENTS
For The Year Ended 30 June 2014

	Consolidated	
	2014	2013
	\$	\$
3.REVENUE		
Revenue from outside the operating activities		
Interest	2,352	15,545
	2,352	15,545

3(a)LOSS BEFORE INCOME TAX

Net Expenses

The loss before income tax includes the following expenses:

	Consolidated	
	2014	2013
	\$	\$
(i) Expenses:		
Share based payment	89,968	42,165
Depreciation	221,232	207,822
Plant & Equipment Written Off	82,313	52,146
Rental expenses	798	11,979
	394,311	314,112

(ii) Numerical reconciliation of income tax expense to prima facie tax payable:

	2014	Restated 2013
	\$	\$
Loss from ordinary activities before income tax expense	(20,650,316)	(6,945,686)

3(b) INCOME TAX EXPENSE

	Consolidated 2014	Restated 2013
	\$	\$
Loss from ordinary activities before income tax expense	(20,650,316)	(6,945,685)
(i) Prima facie tax benefit on loss from ordinary activities:	(6,195,095)	(2,083,706)
Tax effect of amounts which are not deductible (taxable)		
In calculating taxable income:		
Provisions	12,285	8,323
Share based payment	26,990	12,650
Other non deductible expenses	-	-
Provision for Impairment of Capitalised Exploration costs	4,141,149	-
	(2,014,671)	(2,062,733)

NOTES TO THE FINANCIAL STATEMENTS
For The Year Ended 30 June 2014

3(b) INCOME TAX EXPENSE (Continued)

	Consolidated	Restated
	2014	2013
	\$	\$
Movement in unrecognised temporary Difference	1,987,512	1,958,986
Tax effect of current year tax losses for which no deferred tax asset has been recognised	27,159	103,747
Income tax expense	<u>-</u>	<u>-</u>

(ii) Unrecognised temporary differences

Deferred Tax Assets (at 30%)		
Carried forward revenue tax losses	9,478,998	5,384,437
Carried forward capital tax losses	304,419	304,419
Carried forward foreign tax losses	2,084,350	2,047,506
Mineral exploration (@ 20%)	7,487,223	6,461,703
Provisions	12,285	8,323
Black hole expenditure	148,419	463,525
	<u>19,515,694</u>	<u>14,669,913</u>

This benefit for tax losses will only be obtained if:

- (i) the consolidated entity derives future assessable income of a nature and of an amount sufficient to enable the benefit from the deductions for the losses to be realised, or
- (ii) the losses are transferred to an eligible entity in the consolidated entity, and
- (iii) the consolidated entity continues to comply with the conditions for deductibility imposed by tax legislation, and
- (iv) no changes in tax legislation adversely affect the consolidated entity in realising the benefit from the deductions for the losses.

NOTES TO THE FINANCIAL STATEMENTS
For The Year Ended 30 June 2014

	Consolidated	
	2014 \$	2013 \$
4. TRADE AND OTHER RECEIVABLES		
CURRENT		
Other debtors	277,981	586,393
	277,981	586,393
NON CURRENT		
VAT Receiveables	2,606,422	2,480,781
	2,606,422	2,480,781

VAT receiveables will be recoverable from the Indonesian government once production commences.

Other debtors

These amounts generally arise from transactions outside the usual operating activities of the consolidated entity and are non-interest bearing. The other debtors do not contain any impaired receivables.

	Consolidated	
	2014 \$	2013 \$
5. OTHER FINANCIAL ASSETS		
CURRENT		
Investments listed on a prescribed stock exchange and unlisted public companies	8,550	8,550
NON CURRENT		
Investments in other entities at cost	697,537	697,537
Less Provision for Diminution	(697,537)	(697,537)
	-	-

Shares in controlled entities

The carrying value of the investments in controlled entities is dependent upon the successful development and exploitation of the controlled entities' tenements, or alternatively the sale of those tenements for at least carrying value.

Investments in other entities

Investments in other entities include the following:

- 10% interest in B Vijaykumar Technical Services Pvt Limited, a company involved in diamond exploration in India, with an option to purchase a further 10% interest. As Oropa Indian Resources Pty Ltd, Sihayo Gold Limited's wholly owned subsidiary, no longer has significant influence over B Vijaykumar Technical Services Pvt Limited, the investment has been transferred to other investments from investment in associates. This investment has been fully provided for.

NOTES TO THE FINANCIAL STATEMENTS
For The Year Ended 30 June 2014

6.PROPERTY, PLANT AND EQUIPMENT	Consolidated	
	2014 \$	2013 \$
NON-CURRENT		
Land at Cost	57,299	55,822
Lease improvements at cost	14,279	14,279
Less: accumulated depreciation	(14,279)	(8,561)
	-	5,718
Plant and equipment, at cost	253,395	253,395
Less: accumulated depreciation	(159,877)	(86,376)
	93,518	167,019
Motor vehicles, at cost	214,301	214,301
Less: accumulated depreciation	(129,245)	(75,285)
	85,056	139,016
Office equipment, at cost	460,636	445,512
Less: accumulated depreciation	(252,800)	(98,119)
	207,836	347,393
Total property, plant and equipment	443,709	714,968

Reconciliations

Reconciliations of the carrying amounts of each class of property, plant and equipment at the beginning and end of the current financial year are set out below:

2014

Consolidated	Land at Cost \$	Leasehold Improve. \$	Plant & Equipment \$	Motor Vehicles \$	Office Equipment \$	Total \$
Carrying amount at 1 July 2013	55,822	5,718	167,019	139,016	347,393	714,968
Effect of foreign currency translation	1,477	-	1,338	6,410	7,937	17,162
Additions	-	-	-	-	15,124	15,124
Write-offs & reclassification	-	(5,718)	(17,759)	-	(58,836)	(82,313)
Depreciation expense	-	-	(57,080)	(60,370)	(103,782)	(221,232)
Carrying amount at 30 June 2014	57,299	-	93,518	85,056	207,836	443,709

NOTES TO THE FINANCIAL STATEMENTS
For The Year Ended 30 June 2014

6.PROPERTY, PLANT AND EQUIPMENT (Continued)

2013						
Consolidated	Land at	Leasehold	Plant &	Motor	Office	Total
	Cost	Improve.	Equipment	Vehicles	Equipment	
	\$	\$	\$	\$	\$	\$
Carrying amount at 1 July 2012	51,002	5,907	207,330	154,529	414,287	833,055
Effect of foreign currency translation	4,820	-	1,080	2,698	5,285	13,883
Additions	-	-	44,985	57,074	25,939	127,998
Write-offs & reclassification	-	-	(30,360)	-	(21,786)	(52,146)
Depreciation expense	-	(189)	(56,016)	(75,285)	(76,332)	(207,822)
Carrying amount at 30 June 2013	55,822	5,718	167,019	139,016	347,393	714,968

	Consolidated	
	2014	2013
	\$	\$
7a.OTHER ASSETS		
NON CURRENT		
Deposits	32,683	23,085
Capitalised mineral exploration costs	10,992,124	25,470,278
	<u>11,024,807</u>	<u>25,493,363</u>

7a .(i) Deposits

Deposits of \$32,683 include a security deposit for office of USD \$10,142 (2013: USD \$ 2,215)

7.a.(ii) Mining Exploration and Evaluation Expenditure

	Consolidated	
	2014	2013
	\$	\$
Opening Balance	25,470,278	15,637,345
Additions during the year	-	9,832,933
Provision for Impairment	(13,803,331)	-
Write Offs	(674,323)	-
Closing Balance	<u>10,992,624</u>	<u>25,470,278</u>

As a result of an impairment assessment triggered by the reduction in gold price the Company has concluded that there is a possibility that the full value of the capitalised exploration and evaluation may not be recovered based on current spot gold and conservatively projected construction and production costs. Accordingly a provision for impairment has been created and charged to profit and loss in the current year.

NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended 30 June 2014

7a. OTHER ASSETS (Continued)

The remaining net balance of the capitalised exploration and evaluation expenditure is based on a DCF model using the spot gold price at 25 Sep 2014.

The estimated impairment will be reviewed and revised in future periods in alignment with movements in the gold price and any changes in the projected cost profile of the Sihayo Pungkut project.

7b. Inventory	Consolidated	
	2014	2013
	\$	\$
Diesel, at cost	2,593	18,145

8. TRADE AND OTHER PAYABLES	Consolidated	
	2014	2013
	\$	\$
CURRENT		
Other creditors	2,497	899,082
Related party payables (API's)	86,660	638,649
Trade Payables and Accruals	438,612	213,674
	527,769	1,751,405

There are no trade payables past due

9. PROVISIONS	Consolidated	
	2014	2013
	\$	\$
CURRENT		
Employee Entitlements	26,900	26,900
Taxation	-	1,668
	26,900	28,568
NON CURRENT		
Employee Entitlements and Other Provisions	388,177	669,446
Employee Numbers	388,177	669,446
Average number of employees during the financial year	38	153

NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended 30 June 2014

10. LOAN PAYABLE	Consolidated 2014 \$	2013 \$
Loan Payable	250,992	-

The shareholder loan amount is denominated in AUD \$144,541.65 and USD\$100,000. The funds are borrowed from Provident Minerals Pte Ltd. Interest of 7% is accrued on the loan.

Gavin Caudle is the director of Sihayo Gold and Provident Minerals therefore it is a related party transaction.

11. CONTRIBUTED EQUITY	Consolidated	
	2014 \$	2013 \$
Issued Capital		
Fully paid – ordinary shares 1,000,801,331 (2013: 844,832,293)	100,025,876	95,321,268
	100,025,876	95,321,268

Movements in ordinary share capital of the Company during the past 2 years were as follows:

		Number of Shares	\$
01/07/2012	Opening Balance	799,377,748	90,500,944
05/04/2013	Shares issue	40,909,090	4,500,000
09/04/2013	Shares issue	4,545,455	500,000
30/06/2013	Shares issue costs		(179,676)
	Balance at 30 June 2013	844,832,293	95,321,268
24/10/2013	Shares issue	84,483,229	2,956,913
31/03/2014	Shares issue	71,485,809	2,001,603
30/06/2014	Shares issue costs		(253,908)
	Balance at 30 June 2014	1,000,801,331	100,025,876

Ordinary shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the Company in proportion to the number of and amounts paid on the shares held. On a show of hands every holder of ordinary shares present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each share is entitled to one vote.

NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended 30 June 2014

11. CONTRIBUTED EQUITY (Continued)

Options over ordinary shares

The options over ordinary shares total 4,000,000 as at 30 June 2014 (2013: 4,000,000). Refer to note 12 for further information.

		2014	Consolidated 2013 Restated
	Note	\$	\$
12. RESERVES AND ACCUMULATED LOSSES			
(a) Reserves			
Share based payment reserve	(i)	2,362,570	2,272,602
Foreign currency translation reserve	(ii)	6,986,860	7,409,973
		<u>9,349,430</u>	<u>9,682,575</u>
(i) Option Premium Reserve			
Balance at the beginning of the financial year		2,272,602	2,230,437
Options issued during the year		89,968	42,165
Options exercised during the year		<u>-</u>	<u>-</u>
Balance at the end of the financial year		<u><u>2,362,570</u></u>	<u><u>2,272,602</u></u>

The Option Premium Reserve is used to record the value of options issued during the year under the Black-Scholes method. When options are exercised the credit is transferred to share capital.

Options

The outstanding balance as at 30 June 2014 is represented by:

- 1,000,000 CEO unlisted options exercisable at 13 cents each that expire on before 1 October 2014
- 1,000,000 CEO unlisted options exercisable at 13 cents each that expire on 1 October 2015
- 1,000,000 employee unlisted options exercisable at 12.5 cents each that expire on 1 October 2014
- 1,000,000 employee unlisted options exercisable at 12.5 cents each that expire on 1 October 2015

All options, except for unlisted options, are quoted on the Australian Securities Exchange Limited.

NOTES TO THE FINANCIAL STATEMENTS
For The Year Ended 30 June 2014

12. RESERVES AND ACCUMULATED LOSSES (Continued)

	Consolidated	
	2014	Restated 2013
	\$	\$
(ii) Foreign Currency Reserve		
Balance at the beginning of the financial year	7,409,973	3,835,851
Movement for the year	(423,113)	3,574,122
	<u>6,986,860</u>	<u>7,409,973</u>
(b) Accumulated Losses		
Balance at the beginning of the financial year	(73,157,128)	(67,542,431)
Net losses attributable to members of Sihayo Gold Limited	(19,180,066)	(5,614,697)
	<u>(92,337,194)</u>	<u>(73,157,128)</u>

13. PARENT ENTITY DISCLOSURE NOTE

	Parent	
	2014	2013
	\$	\$
FINANCIAL POSITION		
Assets		
Current assets	55,881	1,622,642
Non-current assets	122,814	146,290
Total assets	<u>178,695</u>	<u>1,768,932</u>
Liabilities		
Current liabilities	539,522	267,926
Non-current liabilities	-	-
Total liabilities	<u>539,522</u>	<u>267,926</u>
Net Assets	<u>(360,827)</u>	<u>1,501,006</u>
Equity		
Issued capital	100,025,879	95,321,270
Retained earnings	(102,845,974)	(96,189,566)
Reserves		
Option premium reserve	2,459,268	2,369,302
Equity reserve	-	-
Total Equity	<u>(360,827)</u>	<u>1,501,006</u>
FINANCIAL PERFORMANCE		
Loss for the year	6,656,408	14,031,296
Other comprehensive income	-	-
Total comprehensive income	<u>6,656,408</u>	<u>14,031,296</u>

NOTES TO THE FINANCIAL STATEMENTS
For The Year Ended 30 June 2014

13. PARENT ENTITY DISCLOSURE NOTE (Continued)

The parent entity did not enter into any guarantees in relation to the debts of its subsidiaries for 2013 or 2014.

The parent entity did not have any contingent liabilities for 2013 or 2014.

14. SHARE BASED PAYMENT PLAN

(a) Recognised Share-Based Payment Expense

	Consolidated	
	2014 \$	2013 \$
Expense arising from equity-settled share-based payment transactions to :		
Employee	(89,968)	(42,165)
Total expense arising from share-based payment transactions	(89,968)	(42,165)

(b) Summary of Options Granted

The following share-based payment arrangements were granted during the last two years:

In 2014, no options were granted by the Consolidated Entity

2013 Series	Security Type	Number	Grant Date	Note	Expiry Date	Exercise Price \$	Fair Value \$
Tranche 1	Option	1,000,000	01/10/2012	(1)	01/10/2014	0.130	0.067
Tranche 2	Option	1,000,000	01/10/2012	(2)	01/10/2015	0.130	0.055
Tranche 3	Option	1,000,000	01/01/2013	(3)	01/10/2014	0.125	0.022
Tranche 4	Option	1,000,000	01/01/2013	(4)	01/10/2015	0.125	0.030

NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended 30 June 2014

14. SHARE BASED PAYMENT PLAN (Continued)

Summary of Options and Performance Rights Granted

The following table illustrates the number and weighted average exercise prices (WAEP) of share options and performance rights issued as share-based payments at the beginning and end of the financial year :

	2014 Number	2014 WAEP (Cents)	2013 Number	2013 WAEP (Cents)
Outstanding at beginning of year	4,000,000	12.75	11,800,000	17.12
Granted by the Company during the year	-	-	4,000,000	12.75
Exercised during the year	-	-	-	-
Expired during the year	-	-	(11,800,000)	17.12
Forfeited during the year	-	-	-	-
Outstanding at end of year	4,000,000	12.75	4,000,000	12.75

The outstanding balance of options and performance rights issued as share-based payments on issue as at 30 June 2014 is represented by :

- 1,000,000 unlisted options at an exercise price of \$0.13 each that expire on 1 October 2014;
- 1,000,000 unlisted options at an exercise price of \$0.13 each that expire on 1 October 2015;
- 1,000,000 unlisted options at an exercise price of \$0.125 each expire in 1 October 2014; and
- 1,000,000 unlisted options at an exercise price of \$0.125 each expire in 1 October 2015.

(c) Weighted Average Remaining Contractual Life

The weighted average remaining contractual life for share options issued as share based payments outstanding as at 30 June 2014 is 0.75 years (2013 : 1.75 years).

(d) Range of Exercise Prices

The range of exercise prices for share options issued as share-based payments outstanding as at 30 June 2014 was \$0.125 to \$0.13 (2013 : \$0.125 to \$0.13).

(e) Weighted Average Fair Value

The weighted average fair value of options granted by the Group as equity-settled share-based payments during the year ended 30 June 2014 was \$0.1275 (2013 : \$0.1275).

NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended 30 June 2014

14. SHARE BASED PAYMENT PLAN (Continued)

(f) Option Pricing Model

The fair value of the equity-settled share options granted is estimated as at the date of grant using the Black-Scholes option valuation model taking into account the terms and conditions upon which the options were granted.

The following table lists the inputs to the valuation model used for the share options and performance right granted by the Group during the year ended 30 June 2014:

In 2014, no options were granted by the Consolidated Entity.

Inputs	Series 1	Series 2	Series 3	Series 4
Exercise price	\$0.130	\$0.130	\$0.125	\$0.125
Grant date share price	\$0.140	\$0.140	\$0.080	\$0.080
Dividend yield	-	-	-	-
Volatility	83%	83%	77%	77%
Risk-free interest rate	2.66%	2.66%	2.76%	2.76%
Grant date	01/10/2012	01/10/2012	01/01/2013	01/01/2013
Expiry date	01/10/2014	01/10/2015	01/10/2014	01/10/2015
Expected life of option	2.00	3.00	1.75	2.75
Fair value at grant date	\$0.067	\$0.055	\$0.022	\$0.030

15. KEY MANAGEMENT PERSONNEL DISCLOSURE

Names and Positions held of parent entity key management personnel in office at any time during the financial year are:

Key Management Personnel

Misha Collins	Chairman (Appointed 29/11/2013)
Gavin Caudle	Non Executive Director
Peter Bilbe	Non Executive Chairman (Resigned 29/11/2013)
William John Blake	Non Executive Director (Resigned 29/11/2013)
Stuart Gula	Managing Director (appointed 28/11/2013)
Brendan Cope	General Manager Operation
Daniel Nolan	Company Secretary, Chief Financial Officer & Executive Director (appointed 28/11/2013)

There are no executives (other than those listed above) with authority for strategic decision and management.

NOTES TO THE FINANCIAL STATEMENTS
For The Year Ended 30 June 2014

15. KEY MANAGEMENT PERSONNEL DISCLOSURE (Continued)

(a) Compensation for Key Management Personnel

	2014	Consolidated 2013
	\$	\$
Short-term employee benefits	947,191	1,272,640
Non monetary benefit	11,150	11,150
Post employment benefits	31,438	9,017
Share based payments	45,394	42,165
	1,035,173	1,334,972

	2014	Consolidated 2013
	\$	\$
16.REMUNERATION OF AUDITORS		
Remuneration for audit or review of the financial reports of the parent entity or any entity in the consolidated entity		
Stantons International	41,643	33,650
Other	24,342	14,614
	65,985	48,264

17. CONTINGENT ASSETS AND LIABILITIES

The only contingent asset the parent and consolidated entity have is 1,000,000 options exercisable at 20 cents in the company Southern Cross Goldfields Limited. These options only vest upon the company discovering a minimum of 250,000 ounces of gold or 5,000 tonnes of nickel in the situ in the Golden Valley Tenements.

There are no contingent liabilities as at 30 June 2014.

NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended 30 June 2014

18. RELATED PARTIES

Directors and specified executives

Disclosures relating to directors and specified executives are set out in the director's report and as detailed in note 15.

Wholly owned Group

The wholly-owned group consists of Sihayo Gold Limited and its wholly-owned subsidiaries Inland Goldmines Pty Limited, Excelsior Resources Pty Limited, Oropa Technologies Pty Limited, Oropa Indian Resources Pty Limited and Oropa Exploration Pty Limited.

Sihayo Gold Limited owns 100% of the shares in Aberfoyle Pungkut Investments Pte Ltd (API). API holds a 75% interest in PT Sorikmas Mining, with the Indonesian Government mining company, P.T. Aneka Tambang holding the remaining 25%.

Transactions between Sihayo Gold Limited and related parties in the wholly-owned group during the year ended 30 June 2014 consisted of loans on an interest free basis with no fixed term and no specific repayment arrangements. Sihayo Gold Limited made an additional provision for doubtful debts of \$5,327,347 in its accounts for the year ended 30 June 2014 (2013 - \$ 18,927,207) in relation to the loans made to its subsidiaries. No other amounts were included in the determination of operating loss before tax of the parent entity that resulted from transactions with related parties in the group.

Other related parties

Aggregate amounts receivable from related parties in the wholly owned group at balance date were as follows:

	Parent Entity	
	2014	2013
	\$	\$
Non-current receivables	73,863,349	68,536,002
Provision for doubtful debts	(73,863,349)	(68,536,002)
	<u> </u>	<u> </u>
	<u> </u>	<u> </u>
	-	-

An amount of \$247,880 (2013 – \$ 247,880) is still outstanding from an advance to B Vijaykumar Chhattisgarh Exploration Private Ltd, being a subsidiary of a company that the consolidated entity has an investment in. This amount was used to fund diamond exploration activities in India. The loan is interest free. The loan has been fully provided for in the accounts.

NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended 30 June 2014

19. EXPENDITURE COMMITMENTS

Exploration Commitments

In order to maintain current rights of tenure to exploration tenements, the Company and consolidated entity were previously required to outlay lease rentals and to meet the minimum expenditure requirements of the Mines Departments.

Expenditure Commitments in Malawi

All leases in Malawi have now lapsed

PT Sorikmas Mining Commitments

Under the Contract of Work (CoW), the Company was required to spend certain minimum expenditures in respect of the contract area for the General Survey Period and Exploration Period as follows:

	<u>US\$ / km²</u>
General survey period	100
Exploration period	1,100

As at 30 June 2014, PT Sorikmas Mining had fulfilled its expenditure commitments in respect of the General Survey Period and Exploration Period.

Operating Leases – Rent

Commitments for minimum lease payments in relation to non cancellable operating leases are payable as follows:

	Consolidated	
	2014	2013
	\$	\$
Not later than one year	-	5,829
Later than one year, but not later than 2 years	-	-
Later than two years but not more than 3 years	-	-
	-	5,829

Sihayo Gold Limited lease for 25 Charles Street, Perth had expired in July 2013.

Other Commitments

The Company currently has no other capital commitments as at 30 June 2014.

Capital Commitments

There were no outstanding capital commitments not provided for in the financial statements of the Company as at 30 June 2014 or 30 June 2013.

NOTES TO THE FINANCIAL STATEMENTS
For The Year Ended 30 June 2014

19. EXPENDITURE COMMITMENTS (Continued)

Parent Entity

Sihayo Gold Limited

Project	Principal Activities	Interest 2014	Interest 2013
<i>Mt Keith</i>	Mineral exploration	2% Royalty	2% Royalty

Controlled Entities:

Excelsior Resources Pty Limited

Project	Principal Activities	Interest 2014	Interest 2013
Mulgabbie	Mineral exploration	2% Royalty	2% Royalty

20. INVESTMENTS IN CONTROLLED ENTITIES

Controlled Entities:	Class of Shares	Cost of Parent Entity's Investment		Equity Holding	
		2014	2013	2014	2013
		\$	\$		
Inland Goldmines Pty Limited (incorporated in Australia)	Ordinary	583,942	583,942	100%	100%
Excelsior Resources Pty Limited (incorporated in Australia)	Ordinary	1,062,900	1,062,900	100%	100%
Oropa Technologies Pty Ltd (incorporated in Australia)	Ordinary	1	1	100%	100%
Oropa Indian Resources Pty Limited (incorporated in Australia)	Ordinary	1	1	100%	100%
Oropa Exploration Pty Limited (incorporated in Australia)	Ordinary	1	1	100%	100%
Aberfoyle Pungkut Investments Pte Ltd ^(a) (incorporated in Singapore)	Ordinary	697,537	697,537	100%	100%
PT Sorikmas Mining ^(b) (incorporated in Indonesia)		-	-	75%	75%
		<u>2,344,382</u>	<u>2,344,382</u>		

NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended 30 June 2014

20. INVESTMENT IN CONTROLLED ENTITIES (Continued)

- (a) When Sihayo Gold Limited issued 9,259,259 shares as consideration for exercising the option to acquire 100% of the shares in Aberfoyle Pungkut Indonesia Pte Ltd, it was assigned the vendors receivables from Aberfoyle Pungkut Investments Pte Ltd and PT Sorikmas Mining. This reduced the cost of the investment in Aberfoyle Pungkut Investments Pte Ltd.
- (b) Aberfoyle Pungkut Investments Pte Ltd holds a 75% interest in PT Sorikmas Mining, with an Indonesian Government mining company PT Aneka Tambang holding the remaining 25%. The outside equity interest in PT Sorikmas Mining equates to 25% of the nets assets of PT Sorikmas Mining of USD \$300,000, being AUD \$ 3,804,474 as at 30 June 2014 (2013: AUD \$ 2,009,785).

21. NOTES TO THE STATEMENT OF CASH FLOWS

	Consolidated	
	2014	2013
	\$	\$
Cash at Bank	87,019	3,007,754

(a) Reconciliation of Cash and Cash Equivalents

For the purposes of the Statement of Cash Flows cash includes cash and cash equivalents on hand and at call deposits with banks, and investments in money market instruments net of outstanding bank overdrafts. Cash and cash equivalents at the end of the financial year as shown in the Statement of Cash Flows is reconciled to the related items in the Statement of Financial Position as follows:

(b) Reconciliation of operating loss after income tax to net cash flow from operating activities

	Consolidated	
	2014	Restated 2013
	\$	\$
Operating (loss) after income tax	(20,650,316)	(6,945,685)
<u>Non Cash Items</u>		
Depreciation	221,232	207,822
Exploration costs written off	-	-
Convertible note costs	-	-
Plant & equipment written off	82,312	52,146
Share based payments	89,968	42,165
Diminution in investments	-	8,400
Provision for impairment of exploration and evaluation costs	13,803,831	-

NOTES TO THE FINANCIAL STATEMENTS
For The Year Ended 30 June 2014

21. NOTES TO THE STATEMENT OF CASH FLOWS (Continued)

	Consolidated	
	2014	Restated 2013
	\$	\$
<u>Change in operating assets and liabilities, net of effects from purchase controlled entity</u>		
(Increase) / decrease in trade and other receivables	308,412	(497,490)
Increase / (decrease) in payables	1,223,636	(508,043)
Increase / (decrease) in provisions	(2,077,625)	1,387,403
Increase / (decrease) in inventory	15,552	13,351
Increase / (decrease) in FX	(668,724)	219,024
	<u>(7,651,722)</u>	<u>(6,020,907)</u>
Net cash (outflow) from operating activities	(7,651,722)	(6,020,907)

22. EARNINGS PER SHARE

	Consolidated Entity	
	2014	Restated 2013
(a) Basic and diluted loss per share (in cents)	(2.08)	(0.69)
(b) Weighted average number of shares outstanding during the year used in the calculation of basic earnings per share	920,715,859	810,149,852

As the company made a loss for the year, diluted earnings per share is the same as basic earnings per share.

23. FINANCIAL INSTRUMENTS

Net Fair Value of Financial Assets and Liabilities

The net fair value of financial assets and financial liabilities of the Company approximates their carrying value. The Group and the parent hold the following financial instruments:

	Consolidated	
	2014	2013
	\$	\$
Financial Assets		
Cash and cash equivalents	87,019	3,007,754
Trade and other receivables	2,884,403	3,067,174
Other financial assets	8,550	8,550
Security deposits	32,683	23,085
	<u>3,012,655</u>	<u>6,106,563</u>
Total Financial Assets	<u>3,012,655</u>	<u>6,106,563</u>

NOTES TO THE FINANCIAL STATEMENTS
For The Year Ended 30 June 2014

23. FINANCIAL INSTRUMENTS (Continued)

	Consolidated	
	2014	2013
	\$	\$
	<hr/>	<hr/>
Financial Liabilities		
Trade and other payables	527,769	1,537,731
Loan Payable	250,992	-
Other liabilities	23,605	23,605
	<hr/>	<hr/>
Total Financial Liabilities	802,366	1,561,336
	<hr/>	<hr/>

Credit Risk

The Company's maximum exposure to credit risk at the reporting date was as detailed below:

	Consolidated	
	2014	2013
	\$	\$
	<hr/>	<hr/>
Financial Assets		
Cash and cash equivalents	87,019	3,007,754
Trade and other receivables	2,884,403	3,067,174
Other financial assets	8,550	8,550
Security deposits	32,683	23,085
	<hr/>	<hr/>
Total Financial Assets	3,012,655	6,106,563
	<hr/>	<hr/>

Impairment Losses

No impairment loss was recognised in either 2014 or 2013 with regards to receivables. The Company does not have any material credit risk exposure to any single debtor or group of debtors under financial instruments entered by the economic entity.

Foreign currency risk management

The Consolidated Entity and Company undertake certain transactions denominated in foreign currencies, hence exposures to exchange rate fluctuations arise. Sihayo Gold Limited has opened a US Bank Account to manage exchange rate fluctuations.

The carrying amount of the Consolidated Entity's foreign currency denominated assets and liabilities at the reporting date in Australian dollars is as follows:

NOTES TO THE FINANCIAL STATEMENTS
For The Year Ended 30 June 2014

23. FINANCIAL INSTRUMENTS (continued)

	Liabilities		Assets	
	2014	2013	2014	2013
	\$	\$	\$	\$
Australian Dollars	261,522	1,507,431	2,956,758	4,483,905

The table below details financial assets and liabilities of the consolidated entity exposed to foreign currency risk.

	Consolidated	
	2014	2013
	\$	\$
Cash and cash equivalents		
SGD	1,767	2,037
USD	50,535	1,709,505
Trade and other payables		
SGD	5,000	5,000
USD	342,126	1,065,497

Sensitivity Analysis

The table below summarises the impact of a 10 per cent weakening/strengthening of the Australian dollar against the US dollar and the Singaporean dollar in the movement of the financial assets and liabilities listed in the previous table.

Impact on post-tax profit and accumulated losses	AUD	Consolidated	
		2014	2013
		\$	\$
AUD / USD	+10%	268,440	186,495
AUD / USD	-10%	(270,915)	(185,687)
SGD / USD	+10%	(242)	(204)
SGD / USD	-10%	306	260

Impact on equity reserve only	AUD	Consolidated	
		2014	2013
USD	+10%	268,440	186,495
USD	-10%	(270,915)	(185,687)
SGD	+10%	(242)	(204)
SGD	-10%	306	260

NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended 30 June 2014

24. EVENTS OCCURRING AFTER REPORTING DATE

Sihayo is currently reducing its share holder base by offering a small shareholder sale facility. This process should be completed by the end of September.

PT Sorikmas Mining has received 'initial approval' from Director General of Minerals & Coal within the Ministry of Energy & Mineral Resources for the Government of the Republic Indonesia Feasibility Study ("GoIFS").

25. SEGMENT INFORMATION

Primary reporting – geographical segments

The geographical segments of the consolidated entity are as follows:

Revenue by geographical region

Revenue attributable to the Group disclosed below, based on where the revenue is generated from:

	30 June 2014	30 June 2013
	\$	\$
Australia	2,352	15,545
Africa	-	-
South East Asia	-	-
India	-	-
Other foreign countries	-	-
Total revenue	<u>2,352</u>	<u>15,545</u>

Segment result by geographical region

	30 June 2014	30 June 2013
	\$	\$
Australia	(539,517)	(692,626)
Africa	(789)	(599)
South East Asia	(20,111,827)	(6,268,006)
India	(535)	-
Total Expenses	<u>(20,652,668)</u>	<u>(6,961,231)</u>
Segment Result	<u>(20,650,316)</u>	<u>(6,945,685)</u>

NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended 30 June 2014

25. SEGMENT INFORMATION (continued)

Assets by geographical region

The location of segment assets by geographical location of the assets is disclosed below:

	30 June 2014	30 June 2013
	\$	\$
Australia	1,911,306	1,768,944
Africa	22,049	22,303
South East Asia	12,517,724	30,518,705
India	2	2
Total Assets	14,451,081	32,309,954

Liabilities by geographical region

The location of segment assets by geographical location of the assets is disclosed below:

	30 June 2014	30 June 2013
	\$	\$
Australia	539,523	670,979
Africa	-	-
South East Asia	677,920	1,802,045
India	-	-
Total Liabilities	1,217,443	2,473,024

DIRECTORS' DECLARATION

DIRECTORS' DECLARATION

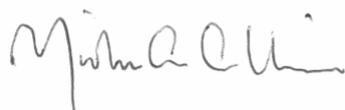
In accordance with a resolution of the directors of Sihayo Gold Limited, I state that:

1. In the opinion of the directors:

- (a) The financial statements, notes and the additional disclosures included in the directors' report designated as audited, of the Company and of the consolidated entity are in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the Company's and consolidated entity's financial position as at 30 June 2014 and of their performance for the year ended on that date; and
 - (ii) complying with Accounting Standards and Corporations Regulations 2001; and
- (b) There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.
- (c) The financial report also complies with International Financial Reporting Standards as disclosed in Note 1.

2. This declaration has been made after receiving the declarations required to be made to the directors in accordance with section 295A of the *Corporations Act 2001* for the financial year ended 30 June 2014

On behalf of the Board



Misha Collis
Chairman

30 September 2014

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF
SIHAYO GOLD LIMITED**

Report on the Financial Report

We have audited the accompanying financial report of Sihayo Gold Limited, which comprises the consolidated statement of financial position as at 30 June 2014, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' responsibility for the Financial Report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error. In note 1, the directors also state, in accordance with Australian Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with International Financial Reporting Standards.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

Our audit did not involve an analysis of the prudence of business decisions made by directors or management.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*.

Opinion

In our opinion:

- (a) the financial report of Sihayo Gold Limited is in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2014 and of its performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards and the Corporations Regulations 2001.
- (b) the consolidated financial report also complies with International Financial Reporting Standards as disclosed in note 1.

Statement of Emphasis on the Matter of Uncertainty Regarding Going Concern

Without qualification to the opinion expressed above, attention is drawn to the following matter:

As referred to in note 1(b), the financial statements have been prepared on a going concern basis. At 30 June 2014, the Group had cash and cash equivalents of \$87,019 and incurred a loss after income tax for the year of \$20,650,316. The ability of the Company and its subsidiaries to continue as a going concern is dependent upon the consolidated entity raising further capital and/or commencing profitable operations. In the event that the Company is not successful in raising further capital and/or commencing profitable operations, the Company and its subsidiaries may not be able to continue as a going concern and meet its obligations as and when they fall due.

Report on the Remuneration Report

We have audited the remuneration report included in pages 26 to 30 of the directors' report for the year ended 30 June 2014. The directors of the Company are responsible for the preparation and presentation of the remuneration report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards

Opinion

In our opinion the remuneration report of Sihayo Gold Limited for the year ended 30 June 2014 complies with section 300A of the *Corporations Act 2001*.

STANTONS INTERNATIONAL AUDIT AND CONSULTING PTY LTD
(Trading as Stantons International)
(An Authorised Audit Company)

Stantons International Audit & Consulting Pty Ltd



Martin Michalik
Director

West Perth, Western Australia
30 September 2014

ADDITIONAL SHAREHOLDER INFORMATION

The following additional information dated 23 September 2014 is provided in compliance with the requirements of the Australian Securities Exchange Limited.

1 DISTRIBUTION OF LISTED ORDINARY SHARES AND OPTIONS

(a) Analysis of numbers of shareholders by size of holding.

Distribution	No. of shareholders	Units	% off issued Capital
1-1000	111	28,554	0.00%
1,001-5,000	86	225,012	0.02%
5,001-10,000	53	406,369	0.04%
10,001-100,000	280	13,946,099	1.39%
100,001 and above	203	986,195,297	98.55%
Total	733	1,000,801,331	100.00%

(b) There were 197 shareholders holding less than a marketable parcel.

(c) The percentage of the total of the twenty largest holders of ordinary shares was

2 TWENTY LARGEST SHAREHOLDERS AND OPTION HOLDERS

Names	No. Of shares	%
Providents Mineral PTE LTD	148,821,384	14.87%
PT Saratoga Investama	148,821,384	14.87%
National Nominees Ltd.	117,640,881	11.75%
HSBC Custody Nom Aust Ltd	102,820,841	10.27%
Goldstar Asia Mining Res	41,030,239	4.10%
Citicorp Nom PL	34,648,192	3.46%
Yaw Chee Siew	31,515,151	3.15%
Asian Lion Ltd	30,122,242	3.01%
Lion Selection Group Ltd	29,597,721	2.96%
Fats PL	26,598,661	2.66%
JP Morgan Nom Aust Ltd	23,612,047	2.36%
DBS Vickers Sec Singapore	22,857,502	2.28%
National Nom Ltd	17,853,483	1.78%
Pettersson Bradley John	15,000,000	1.50%
PT Teknologi Riset Global	14,545,455	1.45%
Insight Capital Management PL	13,294,039	1.33%
Butler David Robert	8,045,979	0.80%
Devine Luke David	8,023,907	0.80%
Caudle Gavin Arnold	6,613,984	0.66%
Bjarnason Jon Nicolai H	6,500,000	0.65%
Total	847,963,092	84.79%

There were no options in the Company listed on the ASX as at 23 September 2014.

ADDITIONAL SHAREHOLDER INFORMATION

3 SUBSTANTIAL SHAREHOLDERS

An extract from the Company's register of substantial shareholders is set out below:

Ordinary Shares Held Name	Number	Percentage
Providents Mineral PTE LTD	148,821,384	14.87%
PT Saratoga Investama	148,821,394	14.87%
National Nominees Ltd.	117,640,881	11.75%
HSBC Custody Nom Aust Ltd	102,820,841	10.27%

4 VOTING RIGHTS

The Company's share capital is of one class with the following voting rights:

(a) Ordinary Shares

On a show of hands every shareholder present in person or by proxy shall have one vote and upon a poll each share shall have one vote.

(b) Options

The Company's options have no voting rights.

5 RESTRICTED SECURITIES

There are no ordinary shares on issue that have been classified by the Australian Securities Exchange Limited, Perth as restricted securities.

6 SECURITIES EXCHANGE LISTING

Sihayo Gold Limited shares are listed on the Australian Securities Exchange Limited. The home exchange is the Australian Securities Exchange (Perth) Limited.

SUMMARY OF TENEMENTS HELD BY COMPANY

FOR THE YEAR ENDED 30 JUNE 2014

Project Name	Tenement Date	Approval Date	Expiry	Area	Equity %
OROPA INDIAN RESOURCES INDIA					
Block D-7		22.01.00	N/A	4,600km ²	9 ⁽¹⁾
PT SORIKMAS MINING INDONESIA					
Pungkut	96PK0042	31.05.96	N/A	66,200ha	75
SIHAYO GOLD LIMITED WESTERN AUSTRALIA					
Mt. Keith	M53/490	11.06.04	10.06.25	582ha	0 ⁽²⁾
M53/491	11.06.04	10.06.25		621ha	0 ⁽²⁾
EXCELSIOR RESOURCES PTY LTD					
Mulgabbie	ML28/364	25.03.09	24.03.30	54.3ha	0 ⁽²⁾
PL28/1078	22.09.08	21.09.12		98.0ha	0 ⁽²⁾
PL28/1079	22.09.08	21.09.12		143.7ha	0 ⁽²⁾
PL28/1080	22.09.08	21.09.12		140.7ha	0 ⁽²⁾
PL28/1081	22.09.08	21.09.12		191.4ha	0 ⁽²⁾
PL28/1082	22.09.08	21.09.12		120.0ha	0 ⁽²⁾
Gullewa	M59/394			200.0	0 ⁽³⁾

NOTES

- ⁽¹⁾ Option to increase interest to 18%
- ⁽²⁾ 2% net smelter royalty