



# **SIHAYO GOLD LIMITED**

ACN 009 241 374

**HALF YEAR FINANCIAL STATEMENTS  
31 DECEMBER 2017**

**SIHAYO GOLD LIMITED AND CONTROLLED ENTITIES**  
**ACN 009 241 374**

## **CONTENTS**

<b>DIRECTORS' REPORT .....</b>	<b>3</b>
<b>CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME .....</b>	<b>8</b>
<b>CONSOLIDATED STATEMENT OF FINANCIAL POSITION .....</b>	<b>9</b>
<b>CONSOLIDATED STATEMENT OF CHANGES IN EQUITY .....</b>	<b>10</b>
<b>CONSOLIDATED STATEMENT OF CASH FLOWS .....</b>	<b>11</b>
<b>CONDENSED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS .....</b>	<b>12</b>
<b>DIRECTORS' DECLARATION.....</b>	<b>20</b>
<b>INDEPENDENT AUDITOR'S REVIEW REPORT .....</b>	<b>21</b>
<b>AUDITOR'S INDEPENDENCE DECLARATION .....</b>	<b>23</b>

**SIHAYO GOLD LIMITED AND CONTROLLED ENTITIES**  
**ACN 009 241 374**

**DIRECTORS' REPORT**  
**FOR THE HALF YEAR ENDED 31 DECEMBER 2017**

---

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 half-year ended 31 December 2017.

## **DIRECTORS**

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

Misha Collins  
Stuart Leslie Gula  
Daniel Garry Nolan  
Gavin Caudle  
Malcolm Patterson

## **RESULT**

The net operating loss for the half-year ended 31 December 2017 was \$1,806,950 and for the half-year ended 31 December 2016 the loss was \$360,957.

## **REVIEW OF OPERATIONS**

The focus of activities during the period was to complete work on the revised feasibility study (FS) for the Sihayo Gold Project project. The review is based on a larger production rate and incorporating concepts to reduce capital and operating costs. These changes will require addendums to both the previous Government of Indonesia Feasibility Study and AMDAL (environmental permit) approvals.

The Sorikmas study team has completed a revised draft FS and the Board is currently reviewing the results.

The initial indications are showing a significant improvement in project economics, although there are still some items being optimised for inclusion in the final document. The improvements are due to a number of major factors including:

- An increased production rate to +90,000 oz per year;
- Reduced operating costs by utilising owner mining;
- The inclusion of a cyanide recovery system;
- The inclusion of PLN (State Grid) power; and
- A larger reserve due to lower operating costs resulting in a significant increase in ounces produced.

The revised study has seen a significant remodelling of the Resource to achieve a more detailed structural definition. This has allowed a more defined allocation of metallurgical recoveries used in the optimisation.

The new draft Resource model has been used as the basis for optimisation and reserve estimation. The revised mining schedule takes into account the need to provide, as early as possible, waste material to construct a starter tailings storage facility wall and to provide a mined out pit for tailings and waste backfilling.

A testwork program is underway to prove a tailings treatment process to increase gold recovery.

# 1. Sihayo Pungkut Gold Project

## Location Plan

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

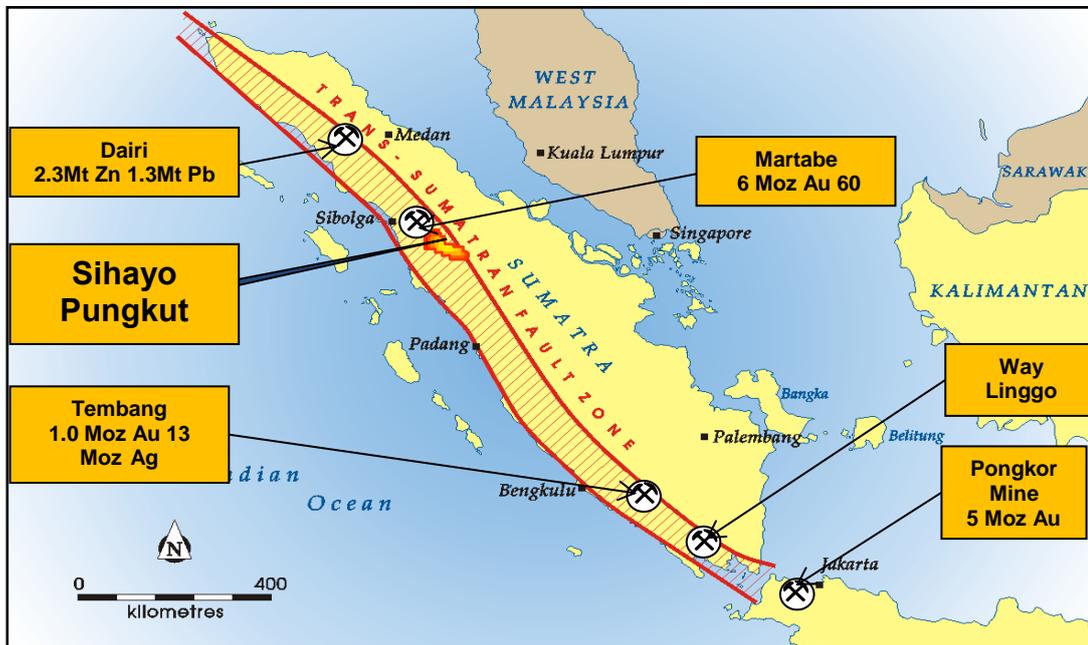
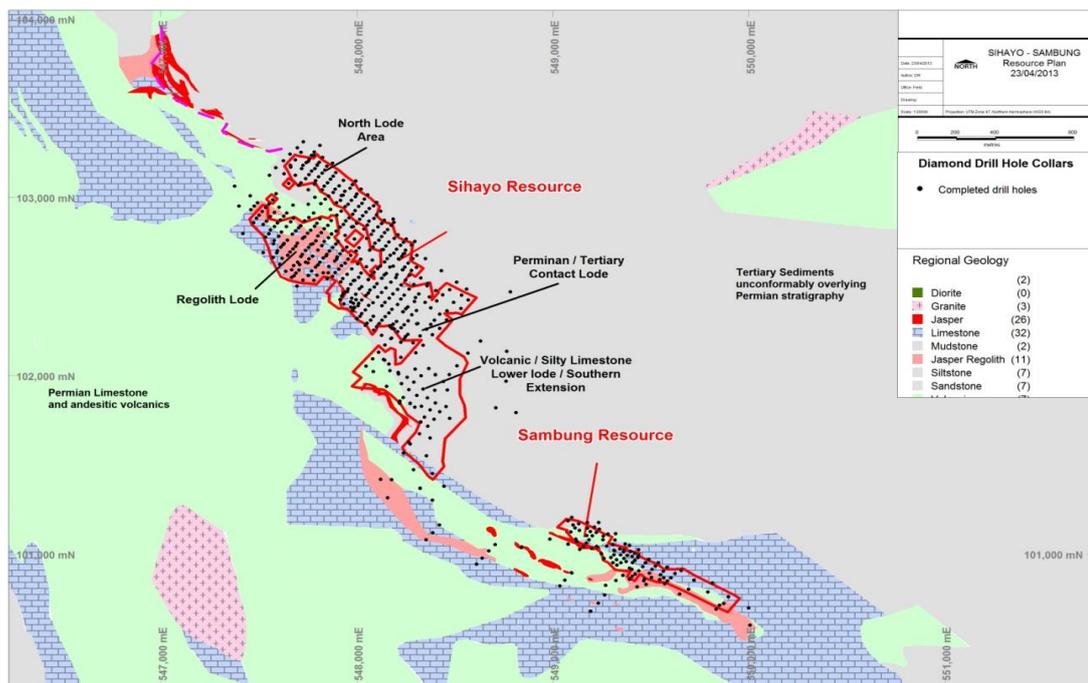


Figure 2: Sihayo-Sambung Resources Location Plan



## Mineral Resource Estimate

The Sihayo and Sambung deposits Mineral Resource Estimate was previously announced on 17 June 2013 and no material changes have yet occurred. It is based on Mineral Resource Estimates review and work undertaken by H&S Consultants Pty Ltd. The relevant JORC 2012 table below is available on our website. The Estimate is being reviewed and restated and part of the revised Feasibility Study being finalised at the moment.

<b>Resource</b>	<b>Tonnage (Mt)</b>	<b>Grade Au (g/t)</b>	<b>Contained gold ounces</b>	<b>JORC classification</b>	<b>Au cut-off grade (g/t)</b>
<b>SIHAYO</b>	2.4	2.8	218,000	Measured	1.2
	9.2	2.5	747,000	Indicated	1.2
	3.7	3.0	357,000	Inferred	1.2
	15.3	2.7	1,322,000	Measured & Indicated & Inferred	1.2
<b>SAMBUNG</b>	0.5	2.1	32,000	Measured	1.2
	1.0	2.0	65,000	Indicated	1.2
	0.1	2.0	6,000	Inferred	1.2
	1.6	2.0	103,000	Measured & Indicated & Inferred	1.2
<b>TOTAL</b>	<b>16.9</b>	<b>2.6</b>	<b>1,425,000</b>	<b>Measured &amp; Indicated &amp; Inferred</b>	<b>1.2</b>

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

## Ore Reserves

The Sihayo Ore Reserve was previously announced on 29 January 2014 and no material changes have yet occurred. Indicated and Measured Resources have been converted to Probable and Proved Ore Reserves by Entech Pty Ltd. The relevant JORC 2012 table below is available on our website. The Reserve is being reviewed and restated and part of the revised Feasibility Study being finalised at the moment.

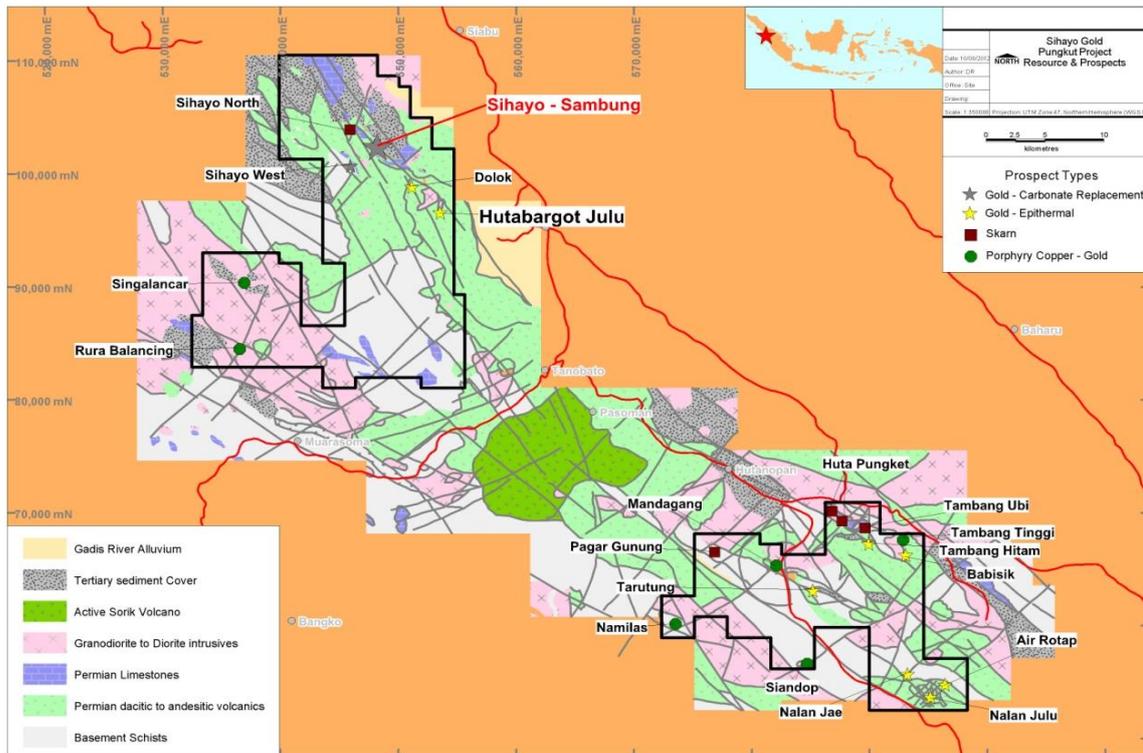
<b>Resource</b>	<b>Tonnage (Mt)</b>	<b>Grade Au (g/t)</b>	<b>Contained Gold ounces</b>	<b>Resource Category</b>
<b>SIHAYO</b>	2.43	2.4	190,000	Proved
	4.71	2.4	363,000	Probable
<b>TOTAL</b>	<b>7.14</b>	<b>2.4</b>	<b>553,000</b>	<b>Proved &amp; Probable</b>

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

## Permitting and Approvals

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

The Company holds an interest in the Project through 100% ownership of Aberfoyle Pungkut Investments Pte Ltd (API). The CoW is held by PT Sorikmas Mining (Sorikmas) which is operated under a Joint Venture arrangement between API - 75% and PT Aneka Tambang Tbk (ANTAM) - 25%.



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

The Company announced receipt of the Construction Permit from the Director General of Minerals & Coal within the Ministry of Energy & Mineral Resources on 7 December 2016.

This major permit required from the Government of Indonesia and accordance with the provisions of the Contract of Work allows the Company to progress the Project subject to necessary project funding.

Key permits previously announced for the project to progress to the construction phase are as follows:

- A Government of Indonesia Feasibility Study submitted during February 2014 comprising technical and financial information in support of the project was announced as 'initially' approved on 24 September 2014.
- The AMDAL assessment used by the Ministry of Environment (KLH) as an instrument for supervision over the project and regional development in the area of the operation was announced on 1 December 2015.
- The Forestry or 'Borrow and Use' (Pinjam Pakai) permitting from the Forestry Department was announced on 30 September 2016.

## 2. Corporate

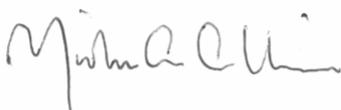
In September 2017, the Company announced a fully underwritten Non-Renounceable Entitlement Issue to raise \$2.16 million @ 1.4 cents per share. The issue closed on 10 October 2017 with a shortfall of 133.6 million shares. Out of the total shortfall 21.42 million shares were allotted on 5 December 2017. The balance shortfall of 112.12 million share was subsequently placed in January 2018.

The funds were used to repay shareholder loans and to fund the revision of the Pungkut Project feasibility study.

### AUDITOR'S INDEPENDENCE DECLARATION

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 23.

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



**Misha Collins**  
Chairman  
16<sup>th</sup> March 2018

### Note

*All statements in this report, other than statements of historical facts that address future timings, activities, events and developments that the Company expects, are forward looking statements. Although Sihayo Gold Limited, its subsidiaries, officers and consultants believe the expectations expressed in such forward looking statements are based on reasonable expectations, investors are cautioned that such statements are not guarantees of future performance and actual results or developments may differ materially from those in the forward looking statements. Factors that could cause actual results to differ materially from forward looking statements include, amongst other things commodity prices, continued availability of capital and financing, timing and receipt of environmental and other regulatory approvals, and general economic, market or business conditions.*

### Mineral Resources and Ore Reserves

*The information is extracted from the reports entitled "Mineral Resource Estimation of the Sihayo & Sambung Deposits, Sumatra Indonesia" created on 5 December 2013 and "Sihayo Open Pit Reserves" created on January 2014 and are available to view on [www.sihayogold.com](http://www.sihayogold.com). The company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcement and, in the case of estimates of Mineral Resources or Reserves, that all material assumptions and technical parameters underpinning the estimates in the relevant market announcement continue to apply and have not materially changed. The company confirms the form and context in which the Competent Person's findings are presented have not been materially modified from the original market announcement.*

**SIHAYO GOLD LIMITED AND CONTROLLED ENTITIES**  
**ACN 009 241 374**  
**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE**  
**INCOME**  
**FOR THE HALF YEAR ENDED 31 DECEMBER 2017**

	Notes	31.12.2017 \$	CONSOLIDATED 31.12.2016 \$
Other revenue		-	-
<b>Total revenue</b>		<b>-</b>	<b>-</b>
Employee expense		(835,091)	(211,748)
External consultancy expenses		(544,948)	(347,370)
Directors' fees		(97,250)	(67,000)
Provision for impairment of VAT		(47,113)	(70,437)
Corporate secretarial expenses		(32,771)	(26,150)
Rates and taxes		(21,567)	22,914
Travel and entertainment		(20,811)	(12,012)
Finance costs		(12,931)	(45,632)
Depreciation	3	(9,312)	(39,095)
Insurance expenses		(6,749)	-
Printing, postage and stationary		(2,677)	-
Legal costs		(1,725)	(447)
Gain on derivative liability/derivative liability write back		-	725,554
Other expenses		(174,005)	(289,534)
<b>Loss before income tax</b>		<b>(1,806,950)</b>	<b>(360,957)</b>
Income tax expense		-	-
<b>Loss after income tax</b>		<b>(1,806,950)</b>	<b>(360,957)</b>
<b>Other comprehensive income:</b>			
<i>Items that may be classified to profit or loss</i>			
Exchange differences on translation of foreign operations		(19,827)	542,253
<i>Items that will not be reclassified subsequently to profit or loss</i>		-	-
<b>Total comprehensive profit/(loss)</b>		<b>(1,826,777)</b>	<b>181,296</b>
<b>Loss after income tax attributable to:</b>			
Member of Sihayo Gold Limited		(1,399,133)	373,097
Non-controlling interest		(407,817)	(734,054)
		<b>(1,806,950)</b>	<b>(360,957)</b>
<b>Total comprehensive profit / (loss) after income tax attributable to:</b>			
Member of Sihayo Gold Limited		(1,418,960)	1,153,593
Non-controlling interest		(407,817)	(972,297)
		<b>(1,826,777)</b>	<b>181,296</b>
Basic (loss)/profit per share in cents		(0.08)	0.02

*Diluted earnings per share is not disclosed as this would not reflect an inferior position.*

The accompanying notes form part of these financial statements.

**SIHAYO GOLD LIMITED AND CONTROLLED ENTITIES**  
**ACN 009 241 374**  
**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 DECEMBER 2017**

	Notes	CONSOLIDATED 31.12.2017 \$	30.06.2017 \$
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	8	146,798	834,757
Trade, other receivables and prepayments		<u>204,547</u>	<u>203,125</u>
<b>TOTAL CURRENT ASSETS</b>		<b><u>351,345</u></b>	<b><u>1,037,882</u></b>
<b>NON-CURRENT ASSETS</b>			
Other assets	10	12,838,989	12,878,780
Tax receivables		2,199	-
Property, plant and equipment		<u>89,905</u>	<u>83,964</u>
<b>TOTAL NON-CURRENT ASSETS</b>		<b><u>12,931,093</u></b>	<b><u>12,962,744</u></b>
<b>TOTAL ASSETS</b>		<b><u>13,282,438</u></b>	<b><u>14,000,626</u></b>
<b>LIABILITIES</b>			
<b>CURRENT LIABILITIES</b>			
Trade and other payables		1,489,642	862,800
Borrowings	11	256,657	261,510
Provisions		2,356	26,900
Other liabilities		<u>57,515</u>	<u>57,516</u>
<b>TOTAL CURRENT LIABILITIES</b>		<b><u>1,806,170</u></b>	<b><u>1,208,726</u></b>
<b>NON-CURRENT LIABILITIES</b>			
Provisions		<u>502,493</u>	<u>478,573</u>
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b><u>502,493</u></b>	<b><u>478,573</u></b>
<b>TOTAL LIABILITIES</b>		<b><u>2,308,663</u></b>	<b><u>1,687,299</u></b>
<b>NET ASSETS</b>		<b><u>10,973,775</u></b>	<b><u>12,313,327</u></b>
<b>EQUITY</b>			
Issued capital	7	107,707,853	107,220,628
Reserves		13,357,276	13,377,103
Accumulated losses		<u>(90,677,030)</u>	<u>(99,144,809)</u>
Total parent entity interest		30,388,099	21,452,922
Non-controlling interest in controlled entities	12(b)	<u>(19,414,324)</u>	<u>(9,139,595)</u>
<b>TOTAL EQUITY</b>		<b><u>10,973,775</u></b>	<b><u>12,313,327</u></b>

The accompanying notes form part of these financial statements.

**SIHAYO GOLD LIMITED AND CONTROLLED ENTITIES**  
**ACN 009 241 374**  
**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**FOR THE HALF YEAR ENDED 31 DECEMBER 2017**

**CONSOLIDATED**

	Share capital & shares to be issued \$	Options reserve \$	FX reserve \$	Accumulated losses \$	Total \$	Non- controlling interest \$	Total \$
Balance at 1.7.16	101,526,008	2,380,395	10,688,793	(98,269,306)	16,325,890	(7,938,406)	8,387,484
Total loss for the period	-	-	-	373,097	373,097	(734,054)	(360,957)
<u>Other comprehensive income:</u>							
Movement in foreign currency translation reserve	-	-	780,496	-	780,496	(238,243)	542,253
Total comprehensive income	-	-	780,496	373,097	1,153,593	(972,297)	181,296
Issue of shares (net of capital raising costs)	4,289,626	-	-	-	4,289,626	-	4,289,626
<b>Balance at 31.12.16</b>	<b>105,815,634</b>	<b>2,380,395</b>	<b>11,469,289</b>	<b>(97,896,209)</b>	<b>21,769,109</b>	<b>(8,910,703)</b>	<b>12,858,406</b>
Balance at 1.7.17	107,220,628	2,380,395	10,996,708	(99,144,809)	21,452,922	(9,139,595)	12,313,327
Transfer of losses from the Group to NCI as a result of write off of exploration and evaluation expenditure and VAT at subsidiary company level	-	-	-	9,866,912	9,866,912	(9,866,912)	-
Total loss for the period	-	-	-	(1,399,133)	(1,399,133)	(407,817)	(1,806,950)
<u>Other comprehensive income:</u>							
Movement in foreign currency	-	-	(19,827)	-	(19,827)	-	(19,827)
Total comprehensive loss	-	-	(19,827)	(1,399,133)	(1,418,960)	(407,817)	(1,826,777)
Issue of shares (net of capital raising costs)	487,225	-	-	-	487,225	-	487,225
<b>Balance at 31.12.17</b>	<b>107,707,853</b>	<b>2,380,395</b>	<b>10,976,881</b>	<b>(90,677,030)</b>	<b>30,388,099</b>	<b>(19,414,324)</b>	<b>10,973,775</b>

The accompanying notes form part of these financial statements.

**SIHAYO GOLD LIMITED AND CONTROLLED ENTITIES**  
**ACN 009 241 374**  
**CONSOLIDATED STATEMENT OF CASH FLOWS**  
**FOR THE HALF YEAR ENDED 31 DECEMBER 2017**

	Notes	CONSOLIDATED	
		31.12.2017	31.12.2016
		\$	\$
<b>Cash flows from operating activities</b>			
Payments to suppliers and employees		(1,258,815)	(751,093)
<b>Net cash (used in) operating activities</b>		<b>(1,258,815)</b>	<b>(751,093)</b>
<b>Cash flows from investing activities</b>			
Purchase of plant , plant and equipment		(16,369)	-
<b>Net cash (used in) investing activities</b>		<b>(16,369)</b>	-
<b>Cash flows from financing activities</b>			
Proceeds from share issue		592,990	4,503,873
Payment of borrowings		-	(3,530,329)
Cost of share issue		(5,765)	(214,247)
<b>Net cash provided by financing activities</b>		<b>587,225</b>	<b>759,297</b>
Net (decrease) /increase in cash and cash equivalents held		(687,959)	8,204
Cash and cash equivalents at the beginning of the reporting period		834,757	27,720
<b>Cash and cash equivalents at the end of the reporting period</b>	8	<b>146,798</b>	<b>35,924</b>

The accompanying notes form part of these financial statements.

**SIHAYO GOLD LIMITED AND CONTROLLED ENTITIES**  
**ACN 009 241 374**  
**CONDENSED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE HALF YEAR ENDED 31 DECEMBER 2017**

**1. CORPORATE INFORMATION**

Sihayo Gold Limited ("the Company") is a company limited by shares incorporated in Australia whose shares are publicly traded on the Australian Securities Exchange. The consolidated half year financial statements of the Group as at and for the six months ended 31 December 2017 comprises the Company and its subsidiaries, together referred to as the "Group".

The consolidated annual financial statements of the Group as at and for the year ended 30 June 2017 is available upon request from the Company's registered office at C-/ McCullough Robertson 11/66 Eagle St, Brisbane 4000 or at [www.sihayogold.com](http://www.sihayogold.com).

**2. BASIS OF PREPARATION AND ACCOUNTING POLICIES**

**(a) Basis of preparation**

These general purpose of interim financial statements for the half-year reporting period ended 31 December 2017 have been prepared in accordance with requirements of the Corporations Act 2001 and Australian Accounting Standard AASB 134: Interim Financial Reporting. Sihayo Group is a for-profit entity for financial reporting purposes under Australian Accounting Standards.

This interim financial report is intended to provide users with an update on the latest annual financial statements of Sihayo Gold Limited and its controlled entities (referred to as the "Consolidated Group" or "Group"). As such, it does not contain information that represents relatively insignificant changes occurring during the half-year within the Group. It is therefore recommended that this financial report be read in conjunction with the annual financial statements of the Group for the year ended 30 June 2017, together with any public announcements made during the following half-year.

These interim financial statements were authorized for issue on 16 March 2018.

**(b) Accounting policies**

The same accounting policies and methods of computation have been followed in this interim financial report as were applied in the most recent annual financial statements. The Group has considered the implications of new and amended Accounting Standards but determined that their application to the financial statements is either not relevant or not material.

**SIHAYO GOLD LIMITED AND CONTROLLED ENTITIES**  
**ACN 009 241 374**  
**CONDENSED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE HALF YEAR ENDED 31 DECEMBER 2017**

**2. BASIS OF PREPARATION AND ACCOUNTING POLICIES (CONTINUED)**

**(c) Principles of consolidation**

The consolidated financial statements incorporate all of the assets, liabilities and results of the parent (Sihayo Gold Limited) and all of the subsidiaries (including any structured entities). 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.

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 profit or loss and comprehensive income.

**(d) Going concern**

The consolidated financial statements have also been prepared on the 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 loan from shareholders.

The Directors are confident that major shareholders (Provident & Saratoga) will provide continued support 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 31 December 2017. Accordingly, no adjustments have been made to the financial report relating to the recoverability and classification of the asset carrying amount or the amount and classification of liabilities that might be necessary, should the Company not continue as a going concern.

For the period ended 31 December 2017, the Group incurred a loss before tax of \$1,806,950 (2016: \$360,957) and has a working capital deficit of \$1,454,825 (30 June 2017: \$170,844). The Group has cash and cash equivalents of \$146,798 (30 June 2017: \$834,757) and current liabilities of \$1,806,170 which includes borrowings of \$256,657.

**SIHAYO GOLD LIMITED AND CONTROLLED ENTITIES**  
**ACN 009 241 374**  
**CONDENSED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE HALF YEAR ENDED 31 DECEMBER 2017**

**3. OPERATING LOSS**

	<b>CONSOLIDATED</b>	
	<b>31.12.2017</b>	<b>31.12.2016</b>
	<b>\$</b>	<b>\$</b>
Operating loss from ordinary activities before income tax has been determined after:		
(a) Crediting as revenue:		
Interest received and other income	-	-
(b) Charging as expense:		
Depreciation	9,312	39,095

**4. SEGMENT INFORMATION**

Operating segments are identified and segment information disclosed on the basis of internal reports that are regularly provided to, or reviewed by, the Group's chief operating decision maker which, for the Group, is the Board of Directors. In this regard, such information is provided using similar measures to those used in preparing the statement of profit or loss and other comprehensive income and statement of financial position. The Group operates only in the exploration industry, both in Australia and overseas.

**Primary reporting – geographical segments**

The geographical segments of the consolidated entity are as follows:

**Segment result by geographical region**

	<b>31.12.2017</b>	<b>31.12.2016</b>
	<b>\$</b>	<b>\$</b>
Australia	(183,272)	445,574
Africa	(78)	(718)
South East Asia	(1,623,023)	(805,488)
India	(577)	(325)
<b>Total</b>	<b>(1,806,950)</b>	<b>(360,957)</b>

**SIHAYO GOLD LIMITED AND CONTROLLED ENTITIES**  
**ACN 009 241 374**  
**CONDENSED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE HALF YEAR ENDED 31 DECEMBER 2017**

**4. SEGMENT INFORMATION (CONTINUED)**

**Assets by geographical region**

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

	<b>31.12.2017</b>	<b>30.06.2017</b>
	<b>\$</b>	<b>\$</b>
Australia	245,761	1,586,096
Africa	21,415	21,493
South East Asia	13,015,260	12,393,035
India	<u>2</u>	<u>2</u>
<b>Total assets</b>	<b><u>13,282,438</u></b>	<b><u>14,000,626</u></b>

**Liabilities by geographical region**

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

	<b>31.12.2017</b>	<b>30.06.2017</b>
	<b>\$</b>	<b>\$</b>
Australia	(910,565)	(804,211)
Africa	-	-
South East Asia	(1,398,098)	(883,088)
India	<u>-</u>	<u>-</u>
<b>Total liabilities</b>	<b><u>(2,308,663)</u></b>	<b><u>(1,687,299)</u></b>
 <b>Net assets</b>	 <b><u>10,973,775</u></b>	 <b><u>12,313,327</u></b>

**5. SUBSEQUENT EVENTS**

The Company announced on 9 January 2018 that the Company was issued the remaining shortfall shares from entitlements offer in October 2017. The number of remaining shortfall shares is 112,165,485 shares.

A part of the amount received allotment of shortfall shares was utilised for payment of outstanding underwriter fee and settlement of loan and interest from Provident Minerals Pte Ltd.

**6. CONTINGENCIES & COMMITMENTS**

The Group through PT Sorikmas Mining has commitment regarding the payment of deadrent for period 2018 which amounting to US\$279,400 (excluding penalties of late payment).

**SIHAYO GOLD LIMITED AND CONTROLLED ENTITIES**  
**ACN 009 241 374**  
**CONDENSED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE HALF YEAR ENDED 31 DECEMBER 2017**

**7. ISSUED CAPITAL**

	<b>31.12.2017</b>	<b>30.06.2017</b>
	<b>\$</b>	<b>\$</b>
<b>Ordinary shares</b>		
Issued and fully paid	<u>107,707,853</u>	<u>107,220,628</u>
	<b><u>107,707,853</u></b>	<b><u>107,220,628</u></b>

Movements in ordinary share capital of the Company during the past six months were as follows:

		<b>No. of shares</b>	<b>\$</b>
1 July 2017	Opening balance	1,699,740,648	107,220,628
	Shares issued	<u>42,356,393</u>	<u>592,990</u>
		<u>1,742,097,041</u>	<u>107,813,618</u>
	Less:		
	Share issue costs	<u>-</u>	<u>(105,765)</u>
	<b>Balance as at 31 December 2017</b>	<b><u>1,742,097,041</u></b>	<b><u>107,707,853</u></b>

**Options**

As at 31 December 2017, the Company had no unlisted options.

**8. RECONCILIATION OF CASH**

	<b>31.12.2017</b>	<b>30.06.2017</b>
	<b>\$</b>	<b>\$</b>
Cash and cash equivalents	<u>146,798</u>	<u>834,757</u>

**SIHAYO GOLD LIMITED AND CONTROLLED ENTITIES**  
**ACN 009 241 374**  
**CONDENSED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE HALF YEAR ENDED 31 DECEMBER 2017**

**9. RELATED PARTIES**

**Director and specified executives**

There is outstanding payable of director fees which included in trade and other payables of \$348,750.

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

**Group**

The Group consists of Sihayo Gold Limited and its wholly-owned subsidiaries Inland Gold Mines Pty Limited, Excelsior Resources Pty Limited, Oropa Technologies Pty Limited, Oropa Indian Resources Pty Limited and Oropa Exploration Pty Ltd including Aberfoyle Pungkut Investments at is a 100% subsidiary.

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, PT Aneka Tambang Tbk (ANTAM) holding the remaining 25%.

Transactions between Sihayo Gold Limited and related parties in the Group during the period ended 31 December 2017 consist of loans on an interest free basis with no fixed term and no specific repayment arrangement. Sihayo Gold Limited reversed provision for doubtful debts of \$397,015 in its accounts for the period ended 31 December 2017 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.

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

	<b>31.12.2017</b>	<b>30.06.2017</b>
	<b>\$</b>	<b>\$</b>
Non-current receivables	92,803,252	93,200,268
Provision for doubtful debts	<u>(92,803,252)</u>	<u>(93,200,268)</u>
	<u>-</u>	<u>-</u>

**Other related parties**

Sihayo Gold Limited have an outstanding payable regarding the underwriter fee to Provident Minerals Pte Ltd which included in trade and other payables of \$160,000.

Provident Minerals Pte Ltd is one of Sihayo Gold Limited's shareholder.

**SIHAYO GOLD LIMITED AND CONTROLLED ENTITIES**  
**ACN 009 241 374**  
**CONDENSED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE HALF YEAR ENDED 31 DECEMBER 2017**

**10. OTHER ASSETS**

	<b>31.12.2017</b>	<b>30.06.2017</b>
	<b>\$</b>	<b>\$</b>
Deposits	144	6,602
Capitalised exploration and evaluation expenditure	<u>12,838,845</u>	<u>12,872,178</u>
	<b><u>12,838,989</u></b>	<b><u>12,878,780</u></b>

**(i) Capitalised exploration and evaluation expenditure**

	<b>31.12.2017</b>	<b>30.06.2017</b>
	<b>\$</b>	<b>\$</b>
Opening balance	12,872,178	13,254,246
Foreign currency movements	<u>(33,333)</u>	<u>(382,068)</u>
<b>Closing balance</b>	<b><u>12,838,845</u></b>	<b><u>12,872,178</u></b>

The directors have reviewed the carrying value at capitalised exploration and evaluation expenditure as at 31 December 2017 and are satisfied there is no further impairment at the reporting date.

**11. BORROWINGS**

	<b>31.12.2017</b>	<b>30.06.2017</b>
	<b>\$</b>	<b>\$</b>
Working capital loan	<u>256,657</u>	<u>261,510</u>
	<b><u>256,657</u></b>	<b><u>261,510</u></b>

The funds were borrowed from Provident Minerals Pte Ltd. Interest of 10% is charged on the loan. Gavin Caudle is a Director of Sihayo Gold and Provident Minerals and the loan is therefore a related party transaction. On 10 January 2018, the Company has settled all obligation related to the remaining loan and interest from Provident Minerals Pte Ltd (Note 5).

**SIHAYO GOLD LIMITED AND CONTROLLED ENTITIES**  
**ACN 009 241 374**  
**CONDENSED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE HALF YEAR ENDED 31 DECEMBER 2017**

**12. INVESTMENTS IN CONTROLLED ENTITIES**

Controlled entities:	Class of shares	Cost of parent entity's investment		Equity holding	
		2017	2016	2017	2016
		\$	\$	%	%
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 <sup>(a)</sup> (incorporated in Singapore)	Ordinary	697,537	697,537	100	100
PT Sorikmas Mining <sup>(b)</sup> (incorporated in Indonesia)		-	-	75	75
		<b>2,344,382</b>	<b>2,344,382</b>		

(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 non-controlling interest in PT Sorikmas Mining equates to 25% of the net liabilities of PT Sorikmas Mining of US\$60,514,450 being US\$15,128,613 (\$19,414,324) as at 31 December 2017 (30 June 2017: \$9,139,595).

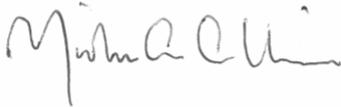
**SIHAYO GOLD LIMITED AND CONTROLLED ENTITIES**  
**ACN 009 241 374**  
**DIRECTORS' DECLARATION**

The directors declare that:

1. The consolidated financial statements and notes set out on pages 8-19;
  - (a) Comply with Accounting Standard AASB 134: Interim Financial Reporting, the Corporations Regulations and other mandatory professional reporting requirements; and
  - (b) Give a true and fair view of the consolidated entity's financial position as at 31 December 2017 and of its performance for the half-year ended on that date.
2. In the directors' opinion there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the directors.

Dated at Melbourne this 16<sup>th</sup> day of March 2018.



**Misha Collins**  
Chairman

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

**Report on the Half-Year Financial Report**

We have reviewed the accompanying half-year financial report of Sihayo Gold Limited, which comprises the consolidated statement of financial position as at 31 December 2017, 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 half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration for Sihayo Gold Limited (the consolidated entity). The consolidated entity comprises both Sihayo Gold Limited (the Company) and the entities it controlled during the half-year.

*Directors' Responsibility for the Half-Year Financial Report*

The directors of Sihayo Gold Limited are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

*Auditor's Responsibility*

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2017 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Sihayo Gold Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Whilst we considered the effectiveness of management's internal controls over financial reporting when determining the nature and extent of our procedures, our review was not designed to provide assurance on internal controls.

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

*Independence*

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, has been provided to the directors of Sihayo Gold Limited on 16 March 2018.

*Conclusion*

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Sihayo Gold Limited is not in accordance with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2017 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standards AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*.

**Emphasis of Matter regarding Going Concern and the Carrying Value of Capitalised Exploration and Evaluation Expenditure**

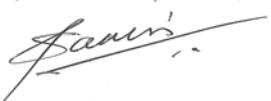
We draw attention in Note 2(d) and Note 10 to the interim financial report which describe the consolidated entity's use of the going concern basis of preparation of the financial report and the carrying value of capitalised exploration and evaluation expenditure. Our conclusion is not modified in respect of these matters.

- i) As noted in note 2(d), at 31 December 2017, the consolidated entity had net assets of \$10,973,775 and cash and cash equivalents of \$146,798. The consolidated entity had incurred a loss for the period ended 31 December 2017 of \$1,806,950.

The ability of the consolidated entity to continue as a going concern and meet its planned exploration, administration, and other commitments is dependent upon the consolidated entity raising further working capital, and/or commencing profitable operations. In the event that the consolidated entity is not successful in raising further working capital, and/or commencing profitable operations, the consolidated entity may not be able to meet its liabilities as and when they fall due, and the realisable value of the Company's current and non-current assets may be significantly less than book values

- ii) The consolidated entity had capitalised exploration and evaluation expenditure of \$12,838,845 as at 31 December 2017. The recoverability of the consolidated entity's carrying value of capitalised mining exploration and evaluation expenditure is dependent on the successful commercial exploitation of the assets and/or sale of the assets to generate sufficient funds to at least that of their carrying values. In the event that the consolidated entity is not successful in commercial exploitation and/or sale of the assets, the realisable value of the consolidated entity's assets may be significantly less than their current carrying values.

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

*Stantons International Audit and Consulting Pty Ltd*  


**Samir Tirodkar**  
**Director**  
West Perth, Western Australia  
16 March 2018

16 March 2018

Board of Directors  
Sihayo Gold Limited  
c/- McCullough Robertson  
Level 11  
66 Eagle 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 review of the financial statements of Sihayo Gold Limited for the half year ended 31 December 2017, 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 review; and
- (ii) any applicable code of professional conduct in relation to the review.

Yours faithfully

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



**Samir Tirodkar**  
Director