



SIHAYO GOLD LIMITED

ACN 009 241 374

**HALF YEAR FINANCIAL STATEMENTS
31 DECEMBER 2014**

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

CONTENTS

DIRECTORS' REPORT	3
CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND COMPREHENSIVE INCOME	13
CONSOLIDATED STATEMENT OF FINANCIAL POSITION	14
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY	15
CONSOLIDATED STATEMENT OF CASH FLOWS	16
CONDENSED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS	17
DIRECTORS' DECLARATION.....	25
INDEPENDENT REVIEW REPORT	26
AUDITOR INDEPENDENCE DECLARATION	28

SIHAYO GOLD LIMITED AND CONTROLLED ENTITIES
ACN 009 241 374

DIRECTORS' REPORT
FOR THE HALF YEAR ENDED 31 DECEMBER 2014

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 2014.

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 Gula
Daniel Garry Nolan
Gavin Caudle

RESULT

The net operating loss for the half-year ended 31 December 2014 was \$1,654,704 and for the half year ended 31 December 2013 the loss was \$4,536,502 (Restated).

REVIEW OF OPERATIONS

The focus of activities during the period included ongoing work to conclude permitting and approvals associated with the Sihayo Pungkut Gold Project ("SPGP") Feasibility Study and in order to maintain the Contract of Work (CoW) in good standing.

Ongoing expenditure reductions associated with surface exploration and other non priority activity has continued.

1. Sihayo Pungkut Gold Project

Location Plan



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

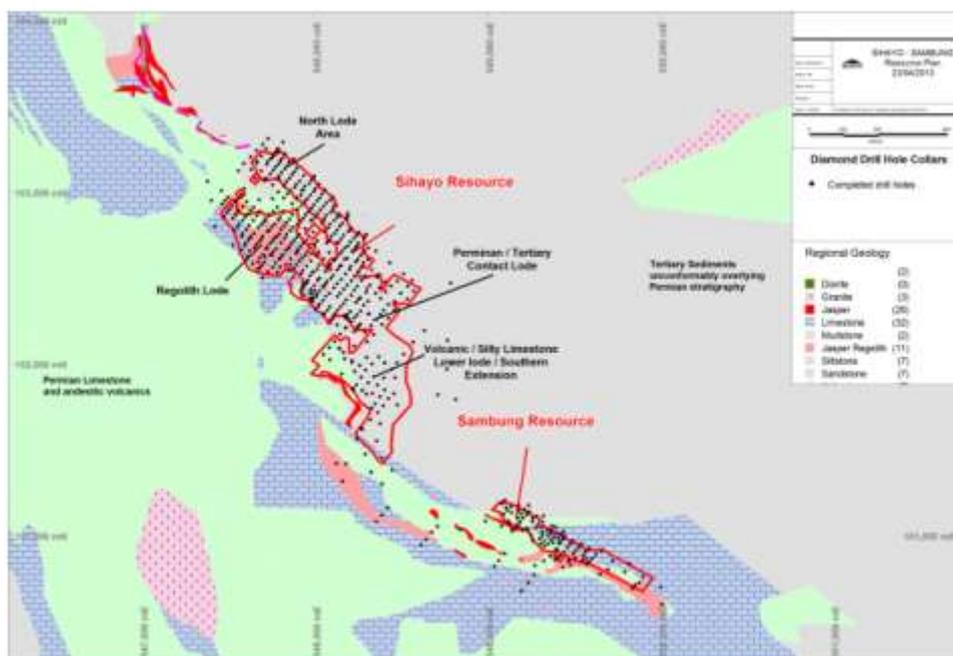


Figure 2: Sihayo-Sambung Resources Location Plan

Mineral Resource Estimate

The Sihayo and Sambung deposits Mineral Resource Estimate was previously announced June 17, 2013 and no material changes have occurred. It is based on Mineral Resource Estimates review and work undertaken by H&S Consultants Pty Ltd. The relevant JORC 2012 Table 1 is available on our website.

Resource	Tonnage (Mt)	Grade Au (g/t)	Contained Gold ounces	JORC Classification	Au Cut-off grade (g/t)
SIHAYO	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
SAMBUNG	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	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"

Ore Reserves

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

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 – 25% (ANTAM).

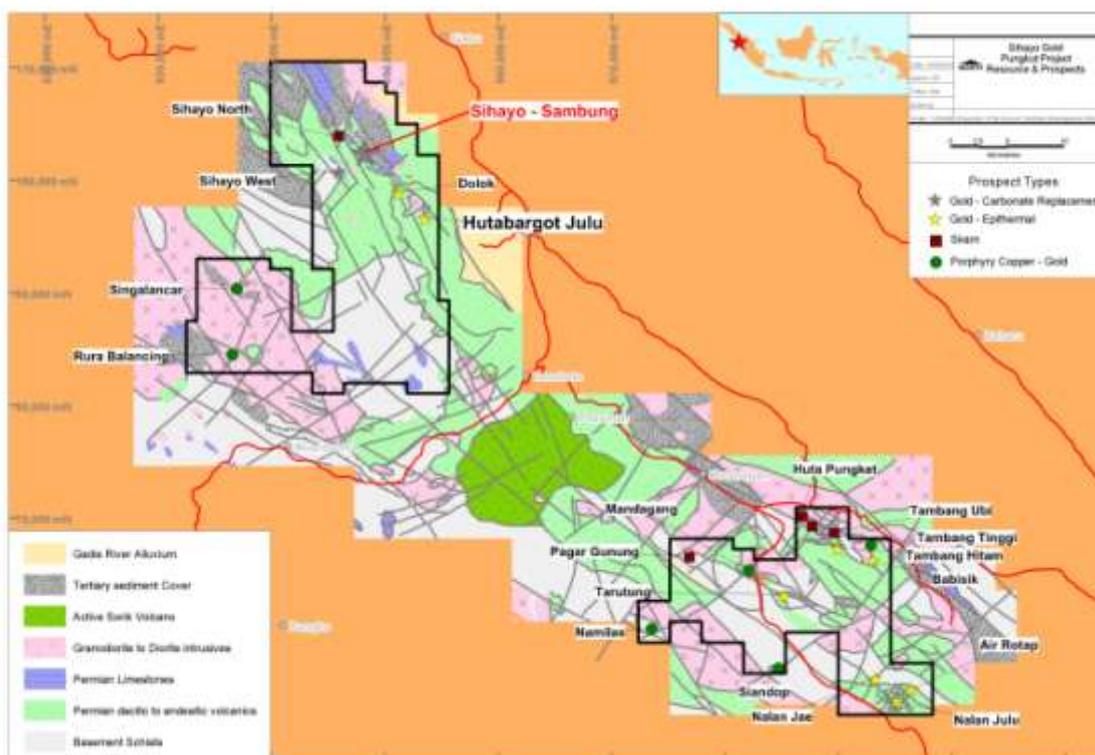


Figure 4: Sihayo Pungkut Gold Project – CoW Boundary, Project Location & Key Prospects

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

- A Government of Indonesia Feasibility Study was submitted during February 2014 comprising technical and financial information in support of the project. The Company announce receipt of 'initial' approval of this submission on 24 September 2014.
- The AMDAL assessment is used by the Ministry of Environment (KLH) as an instrument for supervision over the project and regional development in the area of the operation.
 - Our submission in relation to the 'terms of reference' (KA-ANDAL) for this assessment was approved 14 October 2014.
 - Following our submission on 8 December 2014 the Company was requested to attend Technical and Plenary review sessions of the Environmental and Social Impact Assessment (ANDAL), the Management Plan (RKL) and the Monitoring Plan (RPL) with the Department of Environment (KLH) and local stakeholders respectively during February 2015.

We are currently incorporating feedback received and revising our submission and continue to expect to achieve relevant permits in this regard during Q2 2015. These are collectively known as AMDAL following which we can apply for issuance of an Environmental Permit from the Minister of Environment.

- Forestry or 'Borrow and Use' (Pinjam Pakai) permitting from the Forestry Department must be completed subject to receipt of final permits on the above.

At the time of writing all permits required for obtaining a Construction permit have been initiated (except for Forestry Permit) and, other than some additional clarification required on our submissions, we await approvals to proceed.

SPGP Life of Mine Plan (LOM)

The SPGP LOM plan was previously announced on January 29, 2014 and no material changes have occurred.

Mine optimisation and designs used a gold price of US \$1,300 / oz.

Mining of the open pit will be achieved using conventional open pit mining methods (drill, blast, load and haul) utilising 50 t class excavators and 38 t trucks (payload). This fleet was chosen for availability in-country, productivity potential and cost effectiveness.

All ore will be trucked directly from the pit floor to the Processing Plant ROM by the mining fleet. This represents an ex-pit haulage distance of approximately 2.25 km.

Ore will be treated through a 750 kt/yr capacity process plant with an assumed 85 % operational availability. The process flowsheet is based on treatment of a free milling gold ore.

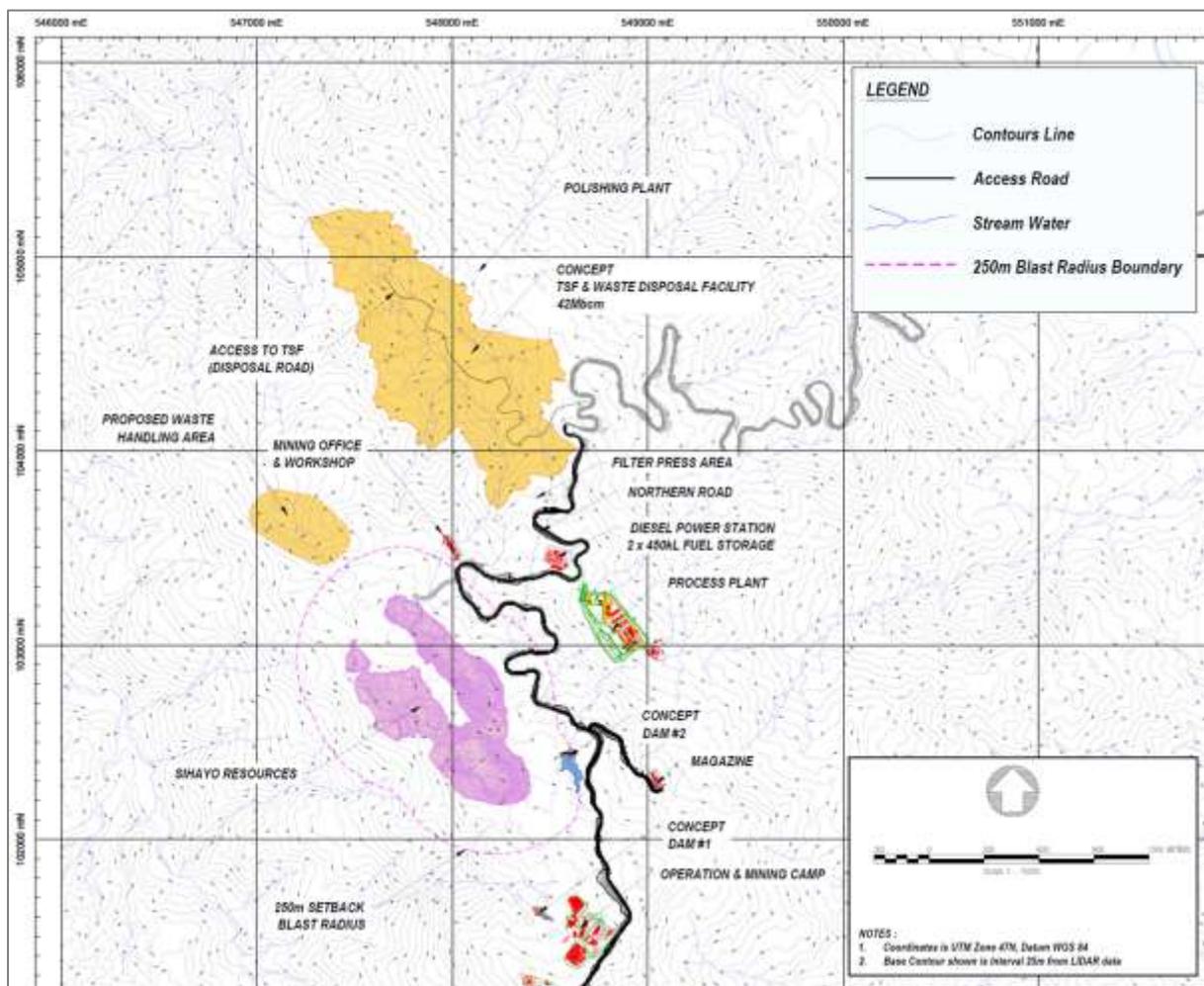


Figure 3: Project Site Area

A programme of testwork has been carried out on 19 composite samples representing mineralisation from the Sihayo - Sambung deposits. Thirteen of these composites are relevant to the proposed Sihayo open pit mining area and represent various ore types consisting of different combinations of lithology, degree of oxidation and lode location.

A grind size of P₈₀ 150 µm and a leach time of 20 hours were shown to be the optimum for CIL processing. Material handling will feature mineral sizers for handling sticky ores with high clay content expected during initial stages of the project. Feeders, chutes and associated equipment will be designed and constructed accordingly.

Prior to more competent material types being presented, it is proposed to undertake a process plant upgrade of the comminution circuit (additional crushing and grinding capacity).

Average gold recoveries are as per the following table.

Weathering Description	Oxidation	Recovery
Oxide	≥ 70%	87.3 %
Transitional	≥ 30% < 70%	69.1 %
Fresh	< 30%	62.1 %
Total		70.9 %

All waste material is planned to be used in the Tailing Storage Facility (TSF) construction. It is proposed to dewater all process plant tailings after detoxification using a filter press prior to placement within the TSF. Any additional mine waste surplus to TSF construction requirements may be placed within appropriate long term storage areas adjacent to the pit.

Capital Costs

All surface infrastructure capital costs associated with the processing facility have a base date from September 2013 and are broken down below exclusive of contingency on construction.

Description	Cost (US\$M)
Construction	
Owners Costs	5.7
Process Plant	17.7
Infrastructure and Services	25.5
Waste Dump Thickener and Filter Press	3.8
EPCM & Support Services	6.0
<u>Sub-total - Construction</u>	<u>58.7</u>
Process Plant Upgrade (Year 6)	12.1
Total Plant & Infrastructure	70.9
Mining - (LOM)	8.1
Sustaining Capital - (LOM)	6.0
Total Capital Costs	85.0

Operating Costs

The average operating costs (C1) for the LOM are as follows;

US\$ Operating Costs (C1*)		
<i>Mining</i>	<i>\$ 271 / oz recovered</i>	<i>\$ 3.29 / t (ore + waste)</i>
<i>Processing - Power</i>	<i>\$ 222 / oz recovered</i>	<i>\$ 12.21 / t ore processed</i>
<i>Processing – Other (excluding TSF)</i>	<i>\$ 162 / oz recovered</i>	<i>\$ 8.89 / t ore processed</i>
<i>G&A (includes refining charges)</i>	<i>\$ 120 / oz recovered</i>	<i>\$ 6.58 / t ore processed</i>
Total C1 cash cost (LOM)	\$ 775 / oz recovered	\$ 38.98 / t ore processed
<i>Tailing Storage Facility</i>	<i>\$ 65 / oz recovered</i>	<i>\$ 3.58 / t ore processed</i>

* C1 costs exclude Sustaining Capital, Royalties, Head Office Costs and Depreciation

Final revenue modelling of the project used a gold price of US \$1,400 / oz. (This assumption has been calculated by applying a discount to the 4 year trailing average gold prices)

Pre tax NPVs has been used given the significant accumulated tax loss position within PT Sorikmas Mining. In addition, the majority of exploration and feasibility related project spending has been accounted for as loans from Sihayo Gold Limited to PT Sorikmas Mining.

2. Hutabargot Prospect

No activity to report

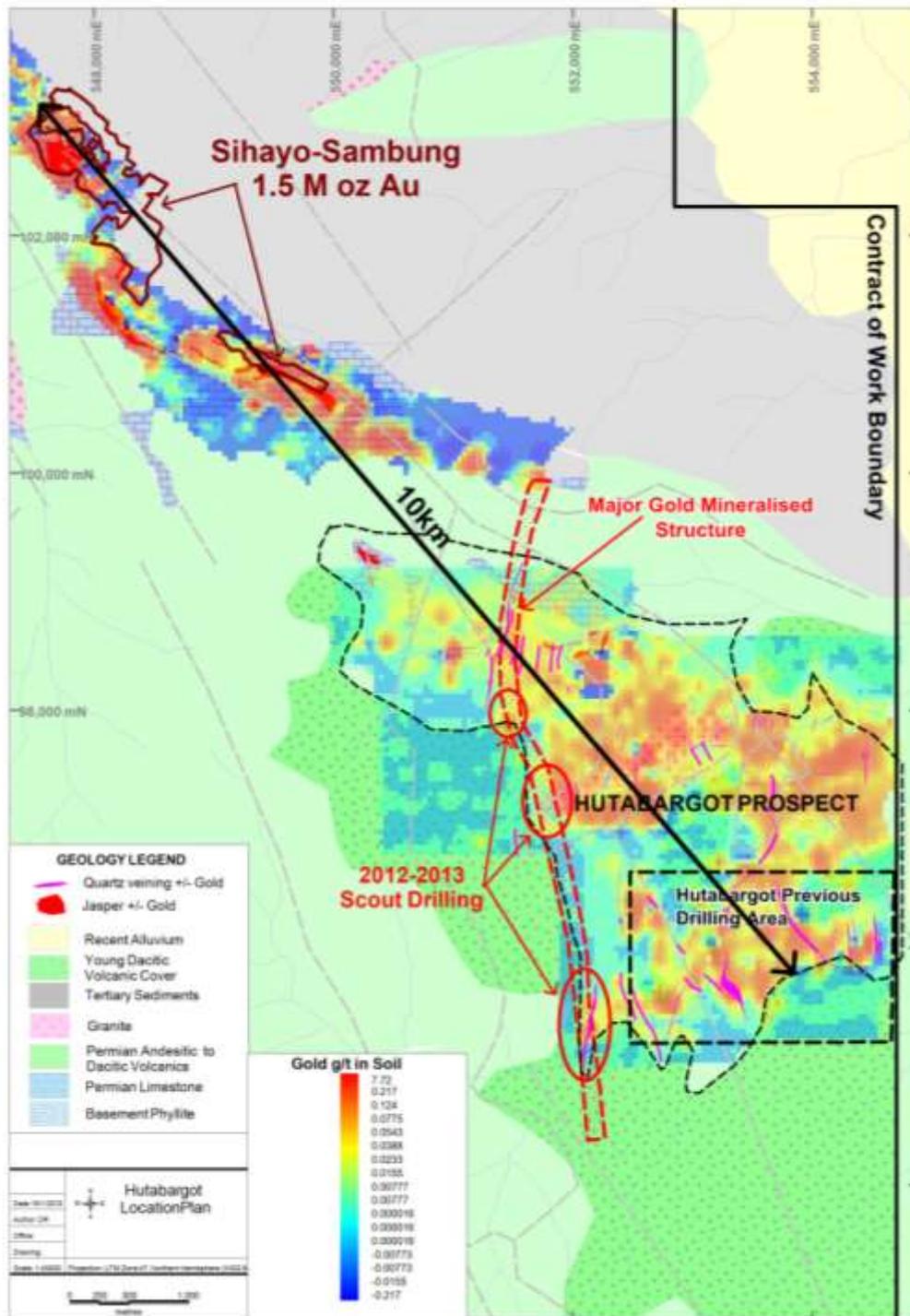


Figure 3: Hutabargot Julu Location

3. Surface Exploration

No activity to report.

4. Key Focus

The following key activities remain;

- Management is working with major shareholders in respect to ongoing funding requirements. The Saratoga and Provident Groups have indicated they remain supportive of the Company.
- Focus activity of the company to obtain permits and approvals required to achieve a Construction permit for the project during 2015.
- Continued of opportunities to improve the financial attractiveness of the project including;
 - Pursuit potential power supply for the project from the 'in-country' power provider (PLN). Discussions have commenced with PLN
 - In terms of sensitivity a 50% reduction in power cost will reduce C1 Cash Cost by approximately US\$ 110 per oz recovered.
 - Further optimisation of construction and mine planning, schedules and associated costs.
 - Investigate additional opportunities to improve metallurgical recovery.

In terms of sensitivity, an improvement in LOM average gold recovery to 76% will improve C1 Cash Cost by approximately US\$ 50 per oz recovered.

5. Corporate

The Company entered into Convertible Loan agreements with Provident Minerals Pte Ltd (Provident) and PT Saratoga Investama Sedaya (SIS) on March 10th 2015.

Provident and SIS are both major shareholders of the Company and each loan is for a total of USD500K.

The loans will have a 12 month maturity, 7% interest rate and may be converted to shares, at the option of the lender, at a rate of 70% 10 day VWAP at the time of conversion.

Directors have negotiated this outcome in the best interests of the Company and all Shareholders.

As at 13 March 2015, the Company has drawn USD400K.

The Company finished the December half with a cash balance of A \$88 thousand. There was \$250 thousand debts to Saratoga and Providence.

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

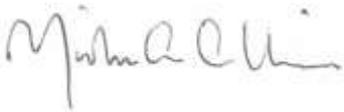
The information is extracted from the reports entitled "Mineral Resource Estimation of the Sihayo & Sambung Deposits, Sumatra Indonesia" created on 5 December 2013 and "Sihayo Open Pit Reserves" created on January 2014 and are available to view on www.sihayogold.com. The company confirms that it is not 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.

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 28.

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

Misha Collins
Chairman



16th March 2015.

Competent Persons Statements

Sihayo Gold Limited: The information in this report that relates to exploration, mineral resources or ore reserves is based on information compiled by Mr Darin Rowley (BSc.Geol) who is a full time employee of PT Sorikmas Mining(75% owned subsidiary of Sihayo Gold Limited), and is a Member of the AusIMM. Mr Rowley 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 a competent person as described by the 2004 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr Rowley consents to the inclusion in this report of the matters based on his information in the form and context in which it appears.

Runge Limited: The information in this report that relates to Mineral Resources at Sihayo is based on information compiled by Mr Robert Williams BSc, a Member of the Australian Institute of Mining and Metallurgy, who is a full time employee of Runge Limited and 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 a Competent Person as defined in the 2004 Edition of the Australasian Code of Reporting for Exploration Results, Mineral Resources and Ore Reserves. Mr Williams consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

Modelling: The Sihayo deposit was estimated by Runge Limited using Ordinary Kriging grade interpolation, constrained by mineralisation envelopes prepared using a nominal 0.5g/t gold cut-off grade for the lower grade upper weathered zone, and 1.0g/t Au in the deeper higher grade zones. In all cases a minimum downhole intercept length of 2m was adopted. The block dimensions used in the model were 25m EW by 10m NS by 5m vertical with sub-cells of 6.25m by 2.5m by 1.25m. Statistical analysis of the deposit determined that no high grade cuts were required in the estimate. Grades were estimated using Ordinary Kriging. Bulk density was assigned in the model based upon the results of 853 bulk density determinations.

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.

SIHAYO GOLD LIMITED AND CONTROLLED ENTITIES
ACN 009 241 374
CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND COMPREHENSIVE INCOME
FOR THE HALF YEAR ENDED 31 DECEMBER 2014

CONSOLIDATED			
	Note	31.12.2014	Restated 31.12.2013
		\$	\$
Other revenue	3	<u>480</u>	<u>2,035</u>
Total Revenue		<u>480</u>	<u>2,035</u>
Corporate secretarial expenses		(37,825)	(22,817)
Depreciation	3	(108,176)	(113,993)
Directors' fees		(67,000)	(95,364)
Employee expense		(643,238)	(1,234,503)
External consultancy expenses		(368,957)	(419,282)
Insurance expenses		(7,223)	(6,839)
Legal costs		-	(126)
Printing, postage and stationary		(15,038)	(12,000)
Rates and taxes		6,599	(13,091)
Share based payments	3	(17,827)	(66,927)
Travel and entertainment		(14,558)	(129,828)
Other expenses		<u>(381,941)</u>	<u>(2,423,767)</u>
Loss before income tax		(1,654,704)	(4,536,502)
Income tax expense		<u>-</u>	<u>-</u>
Loss after income tax		<u>(1,654,704)</u>	<u>(4,536,502)</u>
Other comprehensive income		-	-
Items that may be classified to profit or loss			
Exchange differences on translation of foreign operations		<u>4,087,084</u>	<u>939,332</u>
Total comprehensive profit / (loss)		<u><u>2,432,380</u></u>	<u><u>(3,597,170)</u></u>
Loss after income tax attributable to :			
Member of Sihayo Gold Limited		(331,900)	(3,270,392)
Non Controlling Interest		<u>(1,322,804)</u>	<u>(1,266,110)</u>
		<u>(1,654,704)</u>	<u>(4,536,502)</u>
Total Comprehensive profit / (loss) after income tax attributable to:			
Member of Sihayo Gold Limited		3,755,184	(2,331,060)
Non Controlling Group		<u>(1,322,804)</u>	<u>(1,266,110)</u>
		<u><u>2,432,380</u></u>	<u><u>(3,597,170)</u></u>
Basic loss per share in cents		(0.03)	(0.53)
<i>Diluted earnings per share is not disclosed as this would not reflect an inferior position.</i>			

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 2014

	Note	31.12.2014 \$	30.06.2014 \$
Current Assets			
Cash and cash equivalents	8	87,986	87,019
Trade and other receivables		349,615	277,981
Inventory		2,128	2,593
Financial assets		2,550	8,550
		<hr/>	<hr/>
Total Current Assets		442,279	376,143
Non-Current Assets			
Other Asset		-	32,683
Capitalised Exploration Expenditure	10	14,766,841	10,992,124
Tax receivables		3,031,291	2,606,422
Plant & equipment		393,486	443,709
		<hr/>	<hr/>
Total Non-Current Assets		18,191,618	14,074,938
		<hr/>	<hr/>
Total Assets		18,633,897	14,451,081
Current Liabilities			
Trade and other payables		699,472	527,769
Loan Payable		256,049	250,992
Provisions		26,900	26,900
Other liabilities		66,885	23,605
		<hr/>	<hr/>
Total Current Liabilities		1,049,306	829,266
Non-Current Liabilities			
Provisions		405,404	388,177
		<hr/>	<hr/>
Total Non-Current Liabilities		405,404	388,177
		<hr/>	<hr/>
Total Liabilities		1,454,710	1,217,443
		<hr/>	<hr/>
Net Assets		17,179,187	13,233,638
Equity			
Issued capital	7	101,521,220	100,025,876
Reserves		13,454,339	9,349,430
Accumulated losses		(92,669,094)	(92,337,194)
		<hr/>	<hr/>
Total parent entity interest		22,306,465	17,038,112
Non-Controlling interest in controlled entities		(5,127,278)	(3,804,474)
		<hr/>	<hr/>
Total Equity		17,179,187	13,233,638

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 2014

CONSOLIDATED	\$	\$	\$	\$	\$	\$
	Share Capital & shares to be issued	Options Reserve	FX Reserve	Accumulated Losses	Non- Controlling Interest	Total
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 loss for the period	-	-	-	(3,270,392)	(1,266,110)	(4,536,502)
<u>Other comprehensive income:</u>						
Movement in foreign currency translation reserve	-	-	939,332	-	-	939,332
Total Comprehensive Loss (Restated)	-	-	939,332	(3,270,392)	(1,266,110)	(3,597,170)
Share based payment transactions	-	66,927	-	-	-	66,927
Share issue costs	(147,242)	-	-	-	-	(147,242)
Issue of Shares	1,802,500	-	-	-	-	1,802,500
Shares to be issued	1,154,413	-	-	-	-	1,154,413
Balance at 31.12.13 (Restated)	98,130,939	2,339,529	8,349,305	(76,427,520)	(3,275,895)	29,116,358
	\$	\$	\$	\$	\$	\$
	Share Capital & shares to be issued	Options Reserve	FX Reserve	Accumulated Losses	Non- Controlling Interest	Total
Balance at 1.7.14	100,025,876	2,362,570	6,986,860	(92,337,194)	(3,804,474)	13,233,638
Total loss for the period	-	-	-	(331,900)	(1,322,804)	(1,654,704)
<u>Other Comprehensive Income:</u>						
Movement in foreign currency	-	-	4,087,084	-	-	4,087,084
Total Comprehensive Income	-	-	4,087,084	(331,900)	(1,322,804)	2,432,380
Share based payment transactions	-	17,825	-	-	-	17,825
Issue of shares	1,495,344	-	-	-	-	1,495,344
Balance at 31.12.14	101,521,220	2,380,395	11,073,944	(92,669,094)	(5,127,278)	17,179,187

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 2014

	Note	31.12.2014 \$	31.12.2013 \$
Cash flows from operating activities			
Payments to suppliers and employees		(1,546,695)	(4,559,983)
General & Administrative expenditure		-	-
Interest received		480	2,035
Interest paid		-	-
Net cash (used in) operating activities		(1,546,215)	(4,557,848)
Cash flows from investing activities			
Purchase of plant & equipment		-	(4,485)
Mining exploration and evaluation expenditure		-	(781,703)
Net cash (used in) investing activities		-	(786,188)
Cash flows from financing activities			
Proceeds from share issue		1,502,002	2,956,913
Payment for unmarketable share securities		43,280	-
Cost of share issue		(6,659)	(138,006)
Share based payments		-	-
Net cash provided by financing activities		1,538,623	2,818,907
Net (decrease) in cash and cash equivalents held		(7,592)	(2,525,129)
Cash and cash equivalents at the beginning of the reporting period		87,019	3,007,754
Effects of exchange rate changes on cash and cash equivalents		8,559	(6,127)
Cash and cash equivalents at the end of the reporting period	8	87,986	476,498

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 2014

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 Company as at and for the six months ended 31 December 2014 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 2014 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.

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES

(a) Basis of preparation

The general purpose financial statements for the half-year ended 31 December 2014 has been prepared in accordance with the requirements of the *Corporations Act* and AASB 134 *Interim Financial Reporting*.

The half-year financial statements do not include all notes of the type normally included within the annual financial statements and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the consolidated entity as the full financial statements.

It is recommended that the half year financial statements be read in conjunction with the Annual Financial Statements of Sihayo Gold Limited as at 30 June 2014 and considered together with any public announcements made by Sihayo Gold Limited and its controlled entities during the half year ended 31 December 2014 in accordance with its continuous disclosure obligations of the *ASX Listing Rules*.

The half-year financial statements have been prepared on an historical cost basis.

(b) New and Amended Standards adopted by the group

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.

The Group has applied the following standards and amendments for first time in their annual reporting period commencing 1 January 2014:

- AASB 1031 (2013) 'Materiality'
- AASB 2011-4 'Amendments to Australian Accounting Standards to Remove Individual Key Management Personnel Disclosure Requirements'
- AASB 2012-3 'Amendments to Australian Accounting Standards – Disclosures-Offsetting Financial Assets and Liabilities' (Amendments to AASB 132)
- AASB 2013-3 'Amendments to Australian Accounting Standards for Recoverable Amount Disclosures for Non-Financial Assets' (Amendments to AASB 136)

SIHAYO GOLD LIMITED AND CONTROLLED ENTITIES
ACN 009 241 374
CONDENSED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2014

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES (CONTINUED)

None of the new standards and amendments to standards that are mandatory for the first time for the financial year beginning 1 January 2014 affected any of the amounts recognised in the current period or any prior period, although it caused minor changes to the Group's accounting policies and disclosures. Amendments made to AASB 124; Related Party Disclosures allows the removal of the individual key management personnel disclosure requirements (including paragraphs Aus 29.1 to Aus 29.9.3)

(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 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 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 31 December 2014. 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.

SIHAYO GOLD LIMITED AND CONTROLLED ENTITIES
ACN 009 241 374
CONDENSED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2014

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES (CONTINUED)

(e) 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 expenses 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 the the repayment of these loans from the Company to its subsidiaries is neither planned or 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.

	Note	CONSOLIDATED	
		31.12.2014	31.12.2013
		\$	\$
3. OPERATING LOSS			
Operating loss from ordinary activities before income tax has been determined after:			
(a) Crediting as revenue			
Interest received and other			
Income		480	2,035
(b) Charging as expense :			
Depreciation		108,176	113,993
Share based payments		17,827	66,927

SIHAYO GOLD LIMITED AND CONTROLLED ENTITIES
ACN 009 241 374
CONDENSED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2014

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:

Revenue by geographical region

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

	31.12.2014	31.12.2013
	\$	\$
Australia	480	2,035
Africa	-	-
South East Asia	-	-
India	-	-
Other foreign countries	-	-
Total revenue	480	2,035

Segment Result by geographical region

	31.12.2014	Restated 31.12.2013
	\$	\$
Australia	(230,209)	(332,625)
Africa	(216)	(255)
South East Asia	(1,423,963)	(4,203,087)
India	(317)	(535)
Segment Result	(1,654,705)	(4,536,502)

SIHAYO GOLD LIMITED AND CONTROLLED ENTITIES
ACN 009 241 374
CONDENSED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2014

4. SEGMENT INFORMATION (CONTINUED)

Assets by geographical region

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

	31.12.2014	30.06.2014
	\$	\$
Australia	2,148,659	1,911,306
Africa	21,833	22,049
South East Asia	16,463,403	12,517,724
India	2	2
Total Assets	18,633,897	14,451,081

Liabilities by geographical region

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

	31.12.2014	30.06.2014
	\$	\$
Australia	593,570	539,523
Africa	-	-
South East Asia	861,140	677,920
India	-	-
Total Liabilities	1,454,710	1,217,443
Net Assets	17,179,187	13,233,638

SIHAYO GOLD LIMITED AND CONTROLLED ENTITIES
ACN 009 241 374
CONDENSED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2014

5. SUBSEQUENT EVENTS

There are no subsequent events since 31 December 2014.

6. CONTINGENCIES & COMMITMENTS

There has been no change in contingent liabilities since the previous annual reporting date.

7. ISSUED CAPITAL

Ordinary shares
Issued & fully paid

31.12.2014
\$

30.06.2014
\$

101,521,220

100,025,876

101,521,220

100,025,876

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

		31.12.2014	
		No. of shares	\$
1 July 2014	Opening balance	1,000,801,331	100,025,876
	Shares Issued	<u>125,166,833</u>	<u>1,502,003</u>
		<u>1,125,968,164</u>	<u>101,527,879</u>
	Less :		
	Share issue costs	<u>-</u>	<u>(6,659)</u>
	Balance as at 31 December 2014	<u><u>1,125,968,164</u></u>	<u><u>101,521,220</u></u>

Options

As at 31 December 2014, the Company had the following unlisted options:

- 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 2015.

SIHAYO GOLD LIMITED AND CONTROLLED ENTITIES
ACN 009 241 374
CONDENSED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2014

	31.12.2014	30.06.2014
	\$	\$
8. RECONCILIATION OF CASH		
Cash and cash equivalents	87,986	87,019
	87,986	87,019

9. RELATED PARTIES

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.

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 Group during the period ended 31 December 2014 consist of loans on an interest free basis with no fixed term and no specific repayment arrangement. Sihayo Gold Limited made an additional provision for doubtful debts of \$10,393,158 in its accounts for the period ended 31 December 2014 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:

	31.12.2014	30.06.2014
	\$	\$
Non current receivables	84,256,507	73,863,349
Provision for Doubtful Debts	(84,256,507)	(73,863,349)
	-	-

	31.12.2014	30.06.2014
	\$	\$
10. NON CURRENT		
Capitalised Exploration Expenditure	14,766,841	10,992,124
	14,766,841	10,992,124

SIHAYO GOLD LIMITED AND CONTROLLED ENTITIES
ACN 009 241 374
CONDENSED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2014

10. EXPLORATION EXPENDITURE (CONTINUED)

10(i). MINING EXPLORATION AND EVALUATION EXPENDITURE

	31.12.2014	30.06.2014
	\$	\$
Opening Balance	10,992,624	25,470,278
Additions during the year	-	-
Provision for Impairment	-	(13,803,331)
Write Offs	-	(674,323)
Foreign currency movements	3,774,217	-
Closing Balance	<u><u>14,766,841</u></u>	<u><u>10,992,624</u></u>

The directors have reviewed the carrying value at capitalised exploration and evaluation costs at 31 December 2014 and are satisfied there is no further impairment at the reporting date.

SIHAYO GOLD LIMITED AND CONTROLLED ENTITIES
ACN 009 241 374

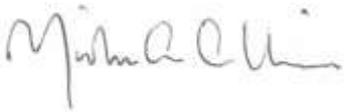
DIRECTORS' DECLARATION

The directors declare that

1. The consolidated financial statements and notes set out on pages 13-24;
(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 2014 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 16th day of March 2015.



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 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 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 2014 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 2015.

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 2014 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.

Inherent Uncertainty Regarding Going Concern

Without qualification to the audit review conclusion expressed above, attention is drawn to the following matters.

As referred to in note 2(d) to the interim financial report, the half year report has been prepared on a going concern basis. At 31 December 2014 the consolidated entity had net assets of \$17,179,187 and cash and cash equivalents of \$87,986. The consolidated entity had incurred a loss for the period ended 31 December 2014 of \$1,654,704.

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 Company is not successful in raising further working capital, and/or commencing profitable operations, the Company 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

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
16 March 2015

16 March 2015

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 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 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)



Martin Michalik
Director