



# **SIHAYO GOLD LIMITED**

ACN 009 241 374

**HALF YEAR FINANCIAL STATEMENTS  
31 DECEMBER 2015**

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

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

**DIRECTORS' REPORT**  
**FOR THE HALF YEAR ENDED 31 DECEMBER 2015**

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 2015.

## 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 2015 was \$ 1,014,133 and for the half year ended 31 December 2014 the loss was \$ 1,654,704.

## 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

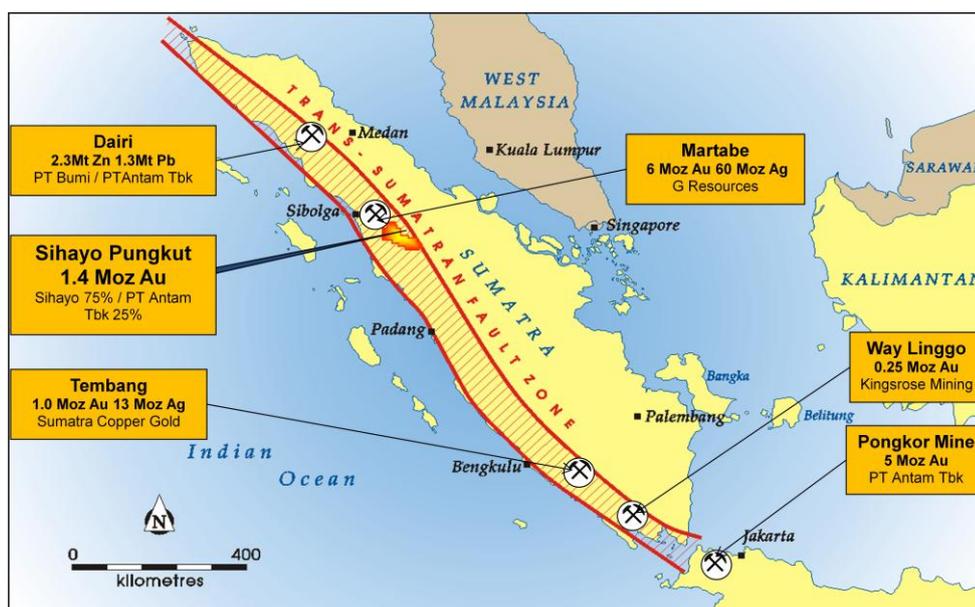


Figure 1: Significant Indonesian mineral deposits including the Sihayo Pungktu Gold Deposit

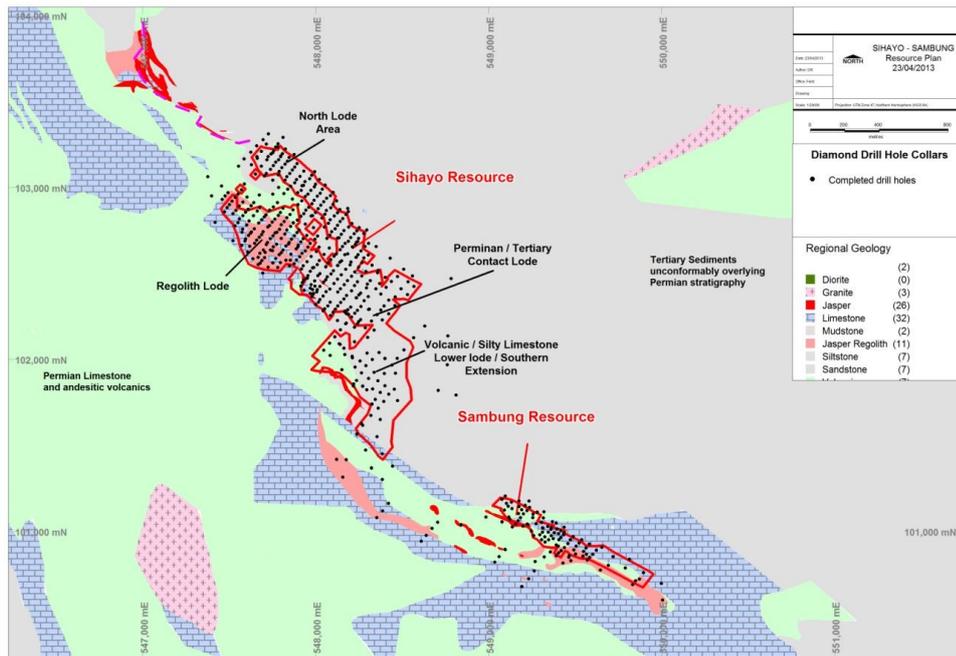


Figure 2: Sihayo-Sambung Resources Location Plan

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
<b>TOTAL</b>	<b>16.9</b>	<b>2.6</b>	<b>1,424,000</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 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.

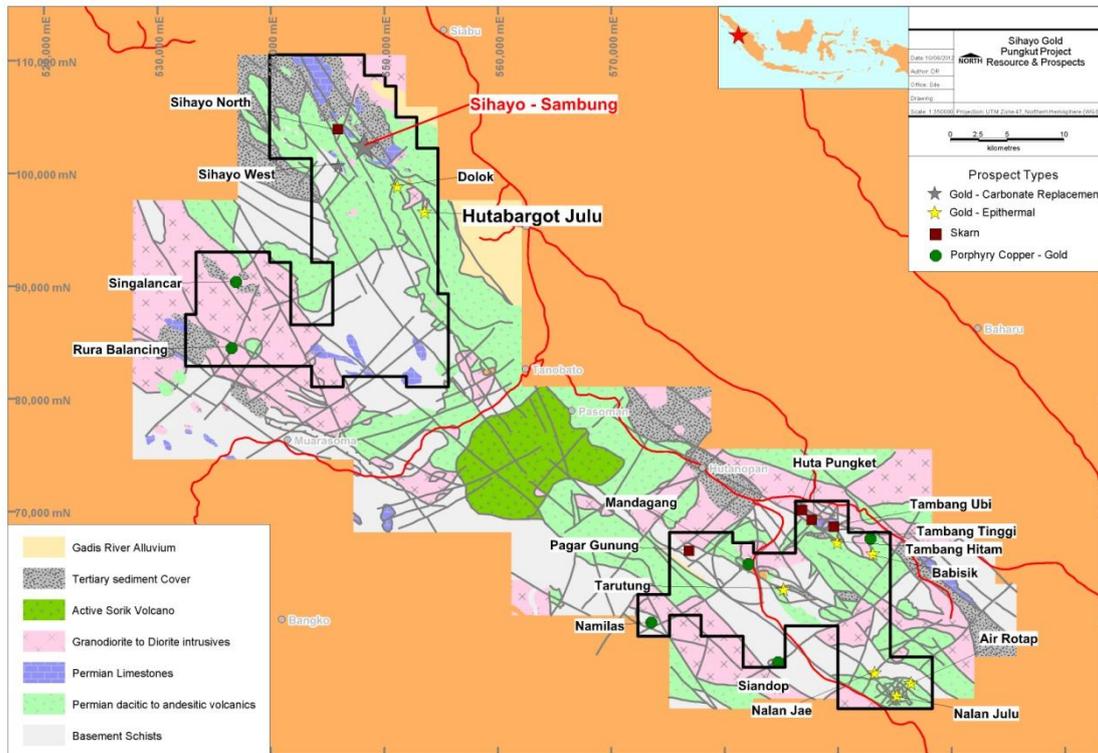
<b>Resource</b>	<b>Tonnage (Mt)</b>	<b>Grade Au (g/t)</b>	<b>Contained Gold ounces</b>	<b>Resource Category</b>
<b>SIHAYO</b>	<b>2.43</b>	<b>2.4</b>	<b>190,000</b>	<b>Proved</b>
	<b>4.71</b>	<b>2.4</b>	<b>363,000</b>	<b>Probable</b>
<b>TOTAL</b>	<b>7.14</b>	<b>2.4</b>	<b>554,000</b>	<b>Proved &amp; Probable</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 Pungket 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 Pungket 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.
- The Company announced receipt of approval from the Department of Environment (KLH) and Minister of Environment for the Analisis Mengenai Dampak Lingkungan Hidup (AMDAL) and Environment Permit on 1 December 2015.
- 'Final' approval of the Feasibility Study and issuance of a Construction Permit will now be a priority.
- Forestry or 'Borrow and Use' (Pinjam Pakai) permitting from the Forestry Department must be completed subject to receipt of final permits on the above.

## 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 flow sheet is based on treatment of a free milling gold ore.

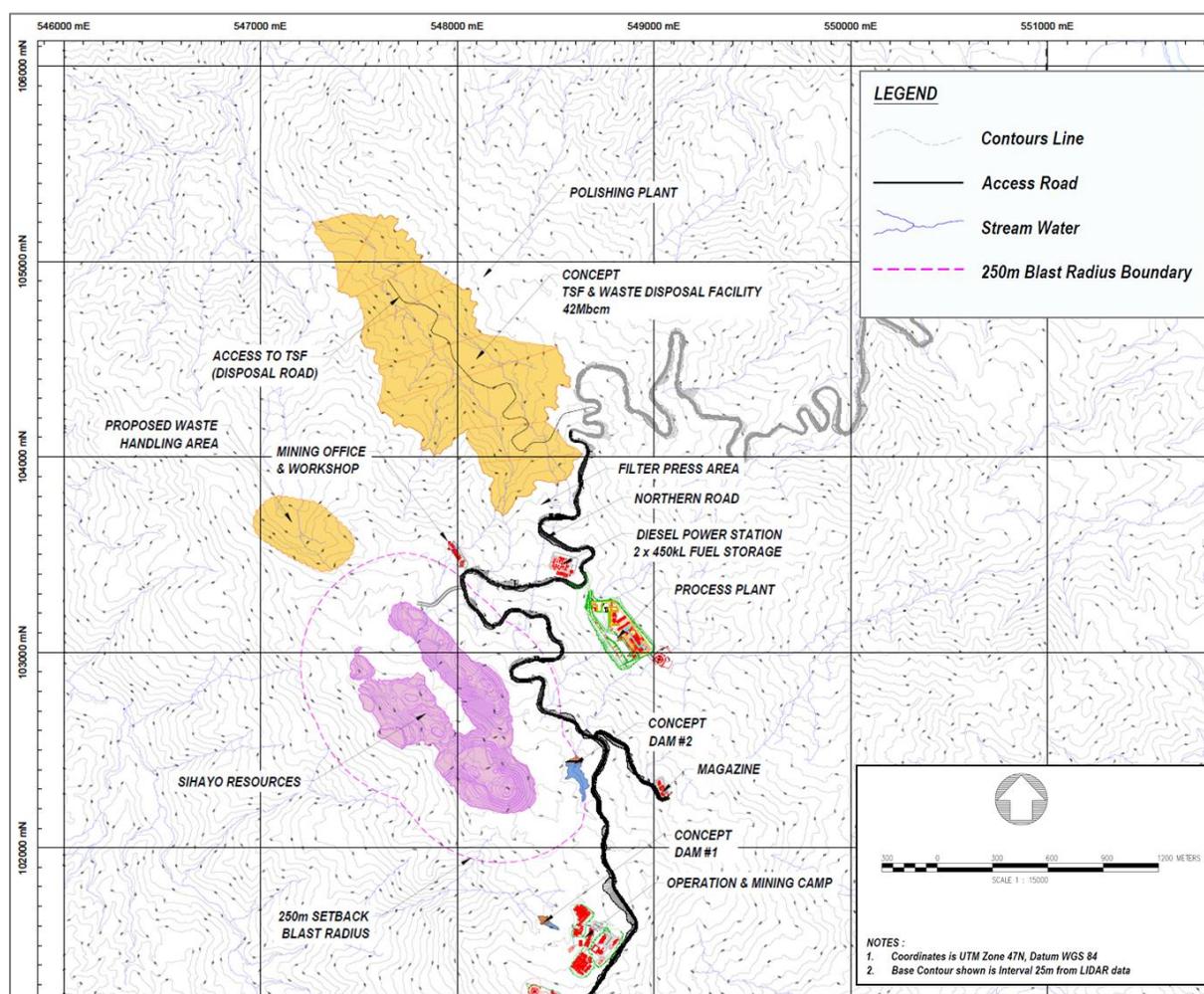


Figure 3: Project Site Area

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 P<sub>80</sub> 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.

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

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.

<b>Description</b>	<b>Cost (US\$M)</b>
<b>Construction</b>	
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)	12.2
<b>Total Plant &amp; Infrastructure</b>	<b>70.9</b>
<b>Mining - (LOM)</b>	<b>8.1</b>
<b>Sustaining Capital - (LOM)</b>	<b>6.0</b>
<b>Total Capital Costs</b>	<b>85.0</b>

## Operating Costs

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

<b>US\$ Operating Costs (C1*)</b>		
<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&amp;A (includes refining charges)</i>	<i>\$ 120 / oz recovered</i>	<i>\$ 6.58 / t ore processed</i>
<b>Total C1 cash cost (LOM)</b>	<b>\$ 775 / oz recovered</b>	<b>\$ 38.98 / t ore processed</b>
<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

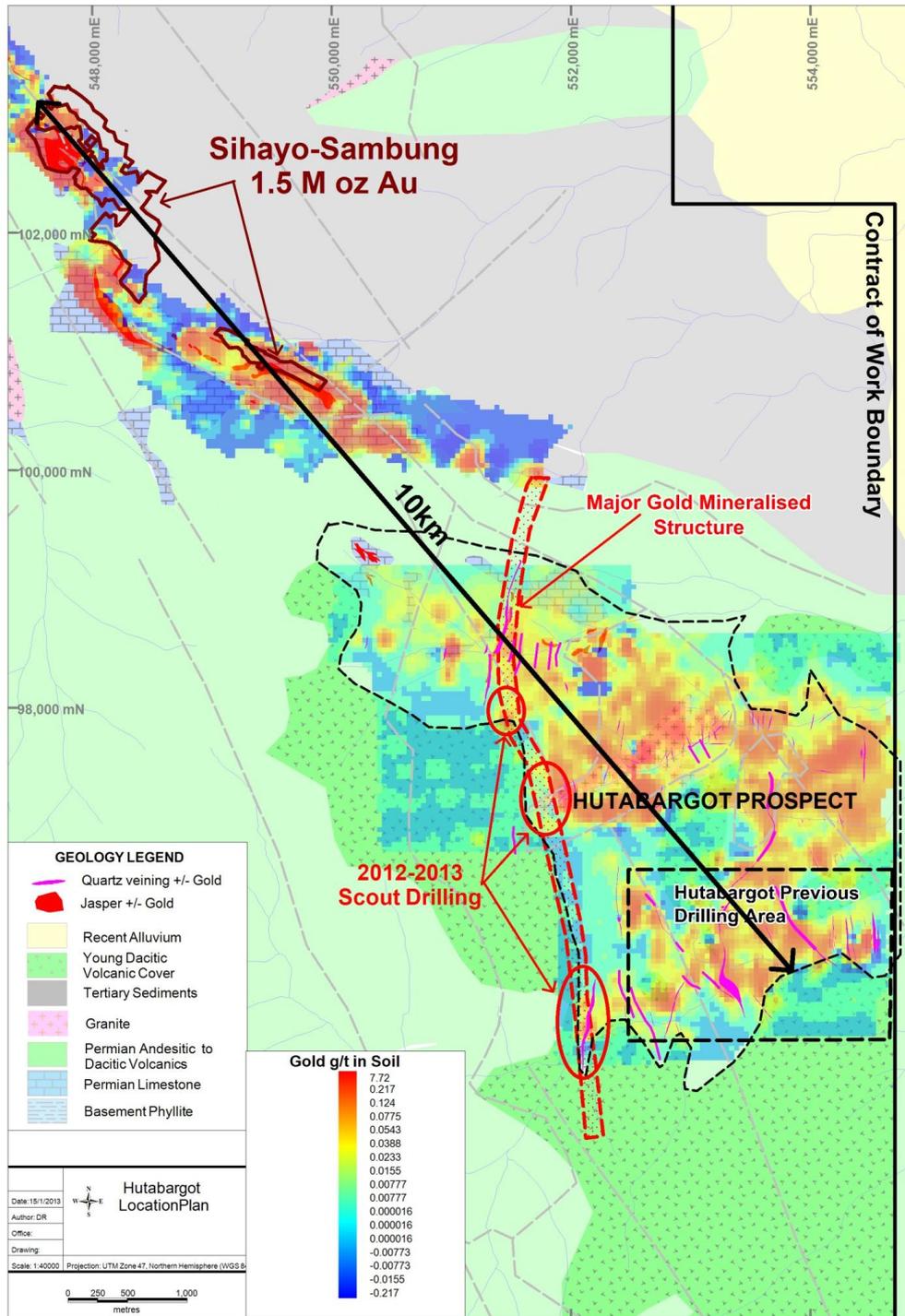


Figure 3: Hutabargot Julu Location

## 3. Surface Exploration

No activity to report.

#### 4. Key Focus

The following key activities remain:

- Management continues to work 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 during 2016 is to complete major permits and approvals required and prepare the project for potential development.
- 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) remains a priority.
    - 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.
    - The company is in the process investigation alternative treatment strategies associated with near surface (regolith) ores. The results of this testwork will be made available as they come to hand.

#### 5. Corporate

The Company entered into Convertible Loan agreements with Provident Minerals Pte Ltd (Provident) and PT Saratoga Investama Sedaya (SIS) on 3 July 2015 and 4 November 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.

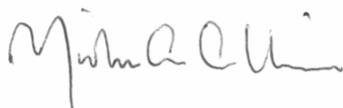
Directors have negotiated this outcome in the best interests of the Company and all Shareholders.

As at 31 December 2015, the Company has drawn USD 900K. The remaining USD 100K was drawn in February 2016.

## 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 29.

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



**Misha Collins**  
Chairman

15<sup>th</sup> March 2016.

### **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 2015**

	<b>Note</b>	<b>31.12.2015</b>	<b>31.12.2014</b>
		<b>\$</b>	<b>\$</b>
Other revenue	3	152	480
<b>Total Revenue</b>		<u>152</u>	<u>480</u>
Corporate secretarial expenses		(25,974)	(37,825)
Depreciation	3	(93,009)	(108,176)
Directors' fees		(67,000)	(67,000)
Employee expense		(290,867)	(643,238)
External consultancy expenses		(153,155)	(368,957)
Insurance expenses		(7,407)	(7,223)
Legal costs		(11,713)	-
Printing, postage and stationary		(1,200)	(15,038)
Rates and taxes		45,255	6,599
Share based payments	3	-	(17,827)
Provision for impairment of VAT		(172,238)	-
Travel and entertainment		(14,844)	(14,558)
Finance costs		(202,419)	-
Gain on Derivative Liability		359,282	-
Other expenses		(378,996)	(381,941)
<b>Loss before income tax</b>		<u>(1,014,133)</u>	<u>(1,654,704)</u>
Income tax expense		-	-
<b>Loss after income tax</b>		<u>(1,014,133)</u>	<u>(1,654,704)</u>
<b>Other comprehensive income</b>		-	-
Items that may be classified to profit or loss			
Exchange differences on translation of foreign operations		(2,917,655)	4,087,084
<b>Total comprehensive profit / (loss)</b>		<u>(3,931,788)</u>	<u>2,432,380</u>
<b>Loss after income tax attributable to :</b>			
Member of Sihayo Gold Limited		(271,546)	(331,900)
Non Controlling Interest		(742,587)	(1,322,804)
		<u>(1,014,133)</u>	<u>(1,654,704)</u>
<b>Total Comprehensive profit / (loss) after income tax attributable to:</b>			
Member of Sihayo Gold Limited		(2,928,220)	3,755,184
Non Controlling Group		(1,003,568)	(1,322,804)
		<u>(3,931,788)</u>	<u>2,432,380</u>
Basic loss per share in cents		(0.09)	(0.03)
<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 2015**

	Note	31.12.2015 \$	30.06.2015 \$
<b>Current Assets</b>			
Cash and cash equivalents	8	4,263	41,004
Trade and other receivables		376,764	363,419
		381,027	404,423
<b>Non-Current Assets</b>			
Other Asset		66,639	39,865
Inventory		857	816
Capitalised Exploration Expenditure	10	13,575,180	16,626,287
Plant & equipment		200,833	278,960
		13,843,509	16,945,928
<b>Total Assets</b>		<b>14,224,536</b>	<b>17,350,351</b>
<b>Current Liabilities</b>			
Trade and other payables		482,742	474,968
Borrowings	11	2,995,076	2,169,096
Provisions		26,900	26,900
Other liabilities		58,497	59,610
		3,563,215	2,730,574
<b>Non-Current Liabilities</b>			
Provisions		445,397	472,065
		445,397	472,065
<b>Total Liabilities</b>		<b>4,008,612</b>	<b>3,202,639</b>
<b>Net Assets</b>		<b>10,215,924</b>	<b>14,147,712</b>
<b>Equity</b>			
Issued capital	7	101,446,160	101,446,160
Reserves		13,644,530	16,301,204
Accumulated losses		(97,727,819)	(97,456,273)
		17,362,871	20,291,091
Total parent entity interest		17,362,871	20,291,091
Non-Controlling interest in controlled entities		(7,146,947)	(6,143,379)
<b>Total Equity</b>		<b>10,215,924</b>	<b>14,147,712</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 2015**

<b>CONSOLIDATED</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
	<b>Share Capital &amp; shares to be issued</b>	<b>Options Reserve</b>	<b>FX Reserve</b>	<b>Accumulated Losses</b>	<b>Non- Controlling Interest</b>	<b>Total</b>
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 translation reserve	-	-	4,087,084	-	-	4,087,084
Total Comprehensive Loss	-	-	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
<b>Balance at 31.12.14</b>	<b>101,521,220</b>	<b>2,380,395</b>	<b>11,073,944</b>	<b>(92,669,094)</b>	<b>(5,127,278)</b>	<b>17,179,187</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
	<b>Share Capital &amp; shares to be issued</b>	<b>Options Reserve</b>	<b>FX Reserve</b>	<b>Accumulated Losses</b>	<b>Non- Controlling Interest</b>	<b>Total</b>
Balance at 1.7.15	101,446,160	2,380,395	13,920,809	(97,456,273)	(6,143,379)	14,147,712
Total loss for the period	-	-	-	(271,546)	(742,587)	(1,014,133)
<u>Other Comprehensive Income:</u>						
Movement in foreign currency	-	-	(2,656,674)	-	(260,981)	(2,917,655)
Total Comprehensive Income	-	-	(2,656,674)	(271,546)	(1,003,568)	(3,931,788)
Share based payment transactions	-	-	-	-	-	-
Issue of shares	-	-	-	-	-	-
<b>Balance at 31.12.15</b>	<b>101,446,160</b>	<b>2,380,395</b>	<b>11,264,135</b>	<b>(97,727,819)</b>	<b>(7,146,947)</b>	<b>10,215,924</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 2015**

	Note	31.12.2015 \$	31.12.2014 \$
<b>Cash flows from operating activities</b>			
Payments to suppliers and employees		(981,012)	(1,546,695)
Interest received		152	480
<b>Net cash (used in) operating activities</b>		<b>(980,860)</b>	<b>(1,546,215)</b>
<b>Cash flows from investing activities</b>			
Purchase of plant & equipment		-	-
Mining exploration and evaluation expenditure		-	-
<b>Net cash (used in) investing activities</b>		<b>-</b>	<b>-</b>
<b>Cash flows from financing activities</b>			
Proceeds from share issue		-	1,502,002
Proceeds from borrowings		-	-
Proceeds from convertible notes		945,232	-
Payment for unmarketable share securities		(1,113)	43,280
Cost of share issue		-	(6,659)
<b>Net cash provided by financing activities</b>		<b>944,119</b>	<b>1,538,623</b>
Net (decrease) in cash and cash equivalents held		(36,741)	(7,592)
Cash and cash equivalents at the beginning of the reporting period		41,004	87,019
Effects of exchange rate changes on cash and cash equivalents		-	8,559
Cash and cash equivalents at the end of the reporting period	8	<b>4,263</b>	<b>87,986</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 2015**

**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 2015 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 2015 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**

The general purpose financial statements for the half-year ended 31 December 2015 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 2015 and considered together with any public announcements made by Sihayo Gold Limited and its controlled entities during the half year ended 31 December 2015 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) 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 2015**

**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 2015. 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**  
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**CONDENSED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE HALF YEAR ENDED 31 DECEMBER 2015**

	Note	CONSOLIDATED	
		31.12.2015	31.12.2014
		\$	\$
<b>3. OPERATING LOSS</b>			
Operating loss from ordinary activities before income tax has been determined after:			
(a) Crediting as revenue			
Interest received and other			
Income		152	480
(b) Charging as expense :			
Depreciation		93,009	108,176
Share based payments		-	17,827

**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:

	31.12.2015	31.12.2014
	\$	\$
Australia	152	480
Africa	-	-
South East Asia	-	-
India	-	-
Other foreign countries	-	-
<b>Total revenue</b>	152	480

**SIHAYO GOLD LIMITED AND CONTROLLED ENTITIES**  
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**4. SEGMENT INFORMATION (CONTINUED)**

**Segment Result by geographical region**

	<b>31.12.2015</b>	<b>31.12.2014</b>
	<b>\$</b>	<b>\$</b>
Australia	18,620	(230,209)
Africa	(184)	(216)
South East Asia	(1,032,248)	(1,423,963)
India	(321)	(316)
<b>Total</b>	<u>(1,014,133)</u>	<u>(1,654,704)</u>

Assets by geographical region

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

	<b>31.12.2015</b>	<b>30.06.2015</b>
	<b>\$</b>	<b>\$</b>
Australia	178,234	163,410
Africa	21,648	21,832
South East Asia	14,024,652	17,165,107
India	2	2
<b>Total Assets</b>	<u>14,224,536</u>	<u>17,350,351</u>

**Liabilities by geographical region**

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

	<b>31.12.2015</b>	<b>30.06.2015</b>
	<b>\$</b>	<b>\$</b>
Australia	3,336,030	2,497,205
Africa	-	-
South East Asia	672,582	705,434
India	-	-
<b>Total Liabilities</b>	<u>4,008,612</u>	<u>3,202,639</u>
<b>Net Assets</b>	<u><b>10,215,924</b></u>	<u><b>14,147,712</b></u>

**SIHAYO GOLD LIMITED AND CONTROLLED ENTITIES**  
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**5. SUBSEQUENT EVENTS**

Sihayo's Major Shareholders - Provident Minerals Pte Ltd has agreed to provide a Working Capital Loan Facility for USD 400,000 to fund the operations of the company.

Term of loan include:

- 31 December 2016 Maturity Date
- 10% interest rate
- Immediate availability of funds

**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

**31.12.2015**  
\$

**30.06.2015**  
\$

101,446,160

101,446,160

101,446,160

101,446,160

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

		<b>31.12.2015</b>	
		<b>No. of shares</b>	<b>\$</b>
1 July 2015	Opening balance	1,125,968,164	101,446,160
	Shares Issued	<u>-</u>	<u>-</u>
		1,125,968,164	101,446,160
	Less :		
	Share issue costs	<u>-</u>	<u>-</u>
	<b>Balance as at 31 December 2015</b>	<u>1,125,968,164</u>	<u>101,446,160</u>

**Options**

As at 31 December 2015, the Company had no unlisted options.

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	<b>31.12.2015</b>	<b>30.06.2015</b>
	\$	\$
<b>8. RECONCILIATION OF CASH</b>		
Cash and cash equivalents	4,263	41,004
	4,263	41,004

**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 2015 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 \$4,643,606 in its accounts for the period ended 31 December 2015 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:

	<b>31.12.2015</b>	<b>30.06.2015</b>
	\$	\$
Non current receivables	94,980,688	90,337,082
Provision for Doubtful Debts	(94,980,688)	(90,337,082)
	-	-

	<b>31.12.2015</b>	<b>30.06.2015</b>
	\$	\$
<b>10. NON CURRENT</b>		
Capitalised Exploration Expenditure	13,575,180	16,626,287
	13,575,180	16,626,287

**SIHAYO GOLD LIMITED AND CONTROLLED ENTITIES**  
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**CONDENSED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
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**10. EXPLORATION EXPENDITURE (CONTINUED)**

**10(i). MINING EXPLORATION AND EVALUATION EXPENDITURE**

	<b>31.12.2015</b>	<b>30.06.2015</b>
	<b>\$</b>	<b>\$</b>
Opening Balance	16,626,287	10,992,124
Additions during the year	-	-
Provision for Impairment	-	-
Write Offs	-	-
Foreign currency movements	(3,051,107)	5,634,163
Closing Balance	<u><u>13,575,180</u></u>	<u><u>16,626,287</u></u>

The directors have reviewed the carrying value at capitalised exploration and evaluation costs at 31 December 2015 and are satisfied there is no further impairment at the reporting date.

**11. BORROWINGS**

	<b>31.12.2015</b>	<b>30.06.2015</b>
	<b>\$</b>	<b>\$</b>
Loan Payable (i)	288,185	274,325
Convertible note liabilities (ii)	2,013,912	1,181,165
Embedded derivatives (iii)	692,979	713,606
	<u><u>2,995,076</u></u>	<u><u>2,169,096</u></u>

- (i) The funds are borrowed from Provident Minerals Pte Ltd & PT Saratoga Investama Sedaya Tbk. Interest of 7% is charged on the loan. Gavin Caudle is a director of Sihayo Gold and Provident Minerals and the loan is therefore it is a related party transaction.

**SIHAYO GOLD LIMITED AND CONTROLLED ENTITIES**  
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**11. BORROWINGS (CONTINUED)**

(ii) During the year Sihayo Gold issued two convertible notes as follows:

a. Provident Minerals Pte Ltd Note

The terms of the convertible notes are as follows:

1. Issue date: 3 July 2015
2. Maturity date: 5.00pm Australian Eastern Standard Time ('AEST') on the first anniversary of the initial drawdown date or such other date agreed by the parties
3. Principal amount: USD 500,000
4. Share price: \$0.009
5. Loan facility fee: USD 15,000 (representing 3% of the aggregate of the principal amount and is capitalised on initial drawdown and will form part of the principal amount)
6. Availability of Loan Facility: Drawdown will only be available during the period 3 July 2015 to 31 December 2015
7. Conversion price: AUD/USD conversion provided by the RBA as at 9 am on conversion date at 70% of the ten day volume weight average price (VWAP) also taken from preceding date from when the conversion note is given
8. Interest: Coupon payment of 7% payable annually
9. The Lender may elect to have the Outstanding Sum repaid to the Lender (in whole or in part) by the issue to the Lender of Conversion Shares

b. PT Saratoga Investama Sedaya Tbk Note

The terms of the convertible notes are as follows:

1. Issue date: 4 November 2015
2. Maturity date: 5.00pm Australian Eastern Standard Time ('AEST') on the first anniversary of the initial drawdown date or such other date agreed by the parties
3. Principal amount: USD 500,000
4. Share price: \$0.011
5. Loan facility fee: USD 15,000 (representing 3% of the aggregate of the principal amount and is capitalised on initial drawdown and will form part of the principal amount)
6. Availability of Loan Facility: Drawdown will only be available during the period 26 October 2015 to 31 December 2015 (extended to 28 February 2016)

**SIHAYO GOLD LIMITED AND CONTROLLED ENTITIES**  
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**CONDENSED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE HALF YEAR ENDED 31 DECEMBER 2015**

**11. BORROWINGS (CONTINUED)**

**a. PT Saratoga Investama Sedaya Tbk Note (CONTINUED)**

7. Conversion price: AUD/USD conversion provided by the RBA as at 9 am on conversion date at 70% of the ten day volume weight average price (VWAP) also taken from preceding date form when the conversion note is given
8. Interest: Coupon payment of 7% payable annually
9. The Lender may elect to have the Outstanding Sum repaid to the Lender (in whole or in part) by the issue to the Lender of Conversion Shares

- (iii) The embedded derivatives liability at the reporting date arising from the revaluation of convertible notes issued financial year 2014/2015 and convertible notes above.

	Series 1	Series 2	Series 3
Value of note in AUD (at 31 December 2015)	68,625	706,835	706,835
Underlying security spot price	\$0.018	\$0.018	\$0.018
Risk free rate	2.02%	2.02%	2.02%
Volatility	100%	100%	100%
Conversion price (70% - 90% of average VWAP)	\$0.0194	\$0.0219	\$0.0235
Number of shares	3,533,286	32,208,256	30,124,386
Value per Note (Intrinsic Value)	\$0.0083	\$0.0024	\$0.0055
<b>Total value of the derivative Liability</b>	<b>\$29,401</b>	<b>\$78,780</b>	<b>\$165,153</b>

- (iv) Convertible notes issued in the half year ended 31 December 2015

	Provident	Saratoga
Value of note in AUD (at 31 December 2015)	408,551	565,468
Underlying security spot price	\$0.018	\$0.018
Risk free rate	2.02%	2.02%
Volatility	100%	100%
Conversion price (70% - 90% of average VWAP)	\$0.0210	\$0.0243
Number of shares	19,471,111	23,276,667
Value per Note (Intrinsic Value)	\$0.009	\$0.0105
<b>Total value of the derivative Liability</b>	<b>175,240</b>	<b>244,405</b>

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

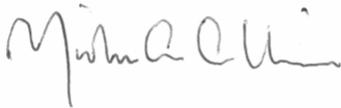
**DIRECTORS' DECLARATION**

The directors declare that

1. The consolidated financial statements and notes set out on pages 13-25;  
(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 2015 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 15th day of March 2016.



**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 2015, 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 2015 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 15 March 2016.

*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 2015 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 and the carrying value of Mining Exploration and Evaluation Expenditure*

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

- i) 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 2015 the consolidated entity had net assets of \$10,215,924 and cash and cash equivalents of \$4,263. The consolidated entity had incurred a loss for the period ended 31 December 2015 of \$1,014,133.

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

- ii) The consolidated entity had capitalised mining exploration and evaluation expenditure of \$13,575,180 as at 31 December 2015. 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)**



**Samir Tirodkar**  
**Director**

West Perth, Western Australia  
15 March 2016

15 March 2016

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 2015, 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