



ACN 009 241 374

**HALF YEAR FINANCIAL STATEMENTS  
31 DECEMBER 2012**

**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 2012**

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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 2012.

## **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  
Paul Willis (Resigned on 14 January 2013)  
Peter Bilbe  
Gavin Caudle  
William John Blake

## **RESULT**

The net operating loss for the half-year ended 31 December 2012 was \$5,238,915 and for the half year ended 31 December 2011 the loss was \$5,449,687.

## **REVIEW OF OPERATIONS**

### **1.1 INDONESIA**

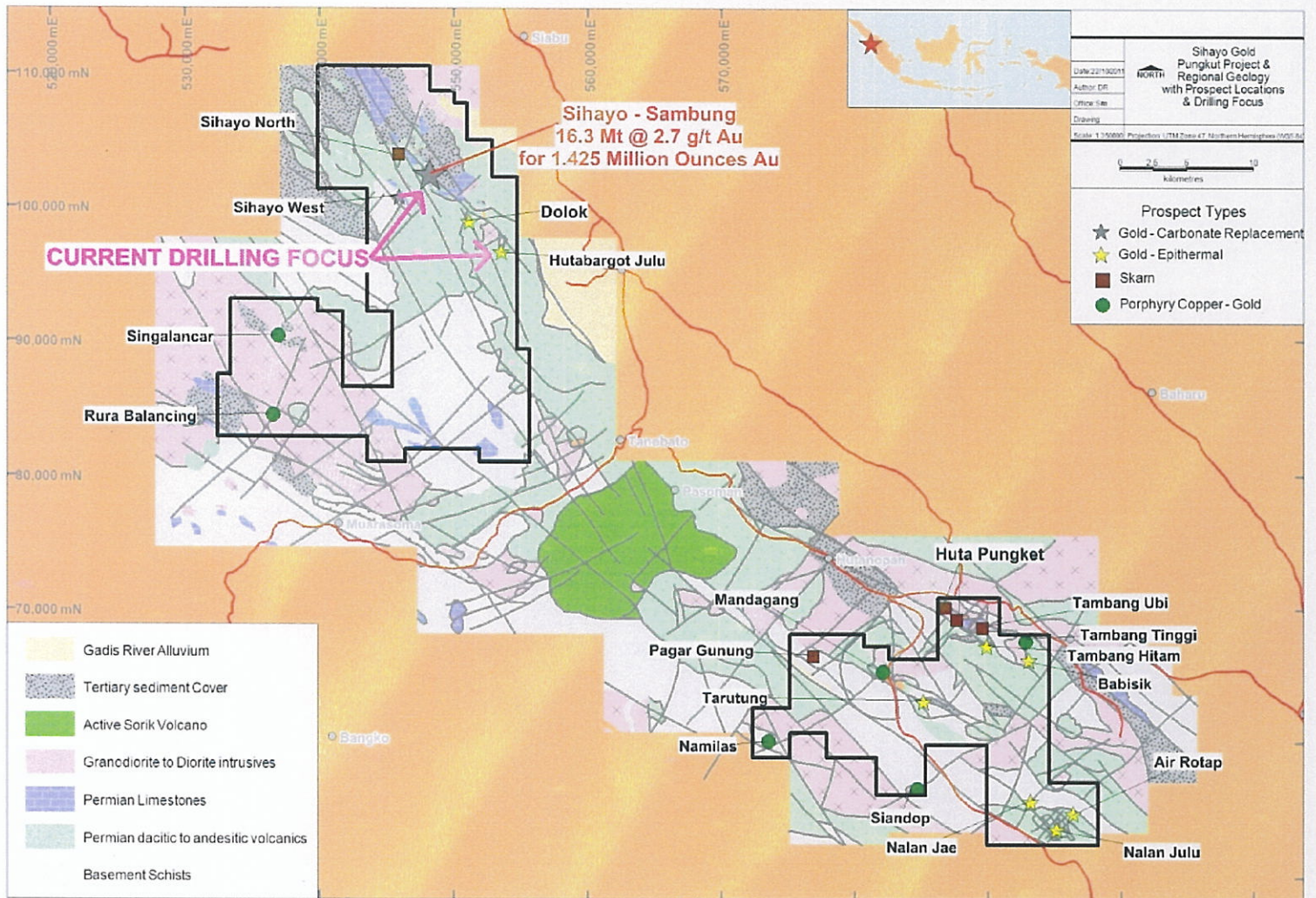
#### ***Sihayo Gold Project, Sumatra (75%)***

The focus of activities during the December half year period remains on the Company's 75% owned Sihayo Pungkut Gold Project ("SPGP") and ongoing regional exploration within the Contract of Work ("COW") Area, located in North Sumatra, Indonesia.

Activities included infill drilling at the Sihayo Resource, community development programs across seven villages adjacent to the Sihayo-Sambung Resource, Hutabargot Julu drilling and ongoing surface exploration work.

*Figure 1* shows the location of these activities within the Sihayo Pungkut COW Area.





**Figure 1: Sihayo Pungkut COW – JORC Resource, Prospects and Current Work Focus Area**

### 1.1.1 DEFINITIVE FEASIBILITY STUDY ("DFS")

An optimised development plan has been proposed in relation to the DFS which comprises Stage 1 over an initial 4 year period with a nominal 1mtpa standard Carbon-in-Leach "CIL" processing plant ("CIL plant") and associated infrastructure followed by Stage 2 over a further 7 years with an expanded 1.3mtpa capacity CIL plant.

During the December half year period, work continued on all aspects of the DFS and each of the key areas is summarised below.

Progress is on target for completion by the middle of 2013.

### JORC Resources

Hellman & Schofield Pty Ltd have been conducting a QA/QC review of the work previously undertaken by Runge Pty Ltd.

To date this work has focussed on the Sihayo Resource, where nine (9) different ore types have been confirmed by our site geology team.

As expected by a review of this nature, a number of items have been adjusted.



In particular, the requirement for additional in-fill drilling within the Sihayo deposit was identified in order to confirm a JORC Compliant Measured Resource category and thus improve the confidence level in material to be mined during Stage 1. The infill drilling program is currently 75% complete.

A revised Sihayo and Sambung JORC Compliant Resource estimate is expected during April 2013.

BDS Mining Services Pty Ltd is preparing a JORC Compliant Reserve estimate for inclusion in the DFS.

## **Metallurgy**

The near surface material to be mined and treated in Stage 1 has superior metallurgical characteristics compared to the Life of Mine ("LOM") average, with recoveries of up to 95% and an estimated average recovery for Stage 1 of 85% based upon extensive CN09 Leachwell testing conducted on core.

The final metallurgical test program being undertaken by P.J. Lewis & Associates Pty Ltd is aimed at confirming current Stage 1 and Stage 2 recovery estimates and determining potential upside treatment strategies for Stage 2, which includes higher grade material at lower gold recoveries.

## **Operational Planning & Implementation**

Orway Mineral Consultants Pty Ltd (WA) has reviewed existing comminution testwork performed to date. Based upon this review an alternative plant configuration has been proposed.

Stage 1 will treat the near surface, highly oxidised ore and some transitional ores, all located within 35 meters of surface across the Sihayo and Sambung JORC Compliant Resources.

Stage 1 will require 'mineral sizer' type equipment in order to break down the highly weathered and oxidised material. In addition, ore feeding equipment, chutes and transfers will be designed to handle the 'sticky' nature of this material.

Significantly reduced grinding requirement and associated power costs are indicated during Stage 1 operations, however, additional grinding will be required during Stage 2.

Base case mining and processing throughput during Stage 1 is proposed at 1Mtpa. An upside case at throughput rates approximately 10 – 15% higher, based on operational improvements, is under review for inclusion in the DFS.

Stage 1 mining will preferentially mine 4Mt of +1 g/t Au cut-off grade material and allow for an additional 0.8Mt of lower grade (0.9 g/t Au) material to be stockpiled and processed later as plant capacity dictates.

Stage 1 indicative ore feed consists of approximately 3Mt at 2 g/t Au from the Sihayo pits and a further 1Mt at 1.8 g/t Au from the Sambung pit. Waste movement (inclusive of lower grade material) is approximately 8.4Mt from Sihayo pits and 2.8Mt from the Sambung pit.

The revised project life (Stage 1 and 2) is expected to be 10 – 12 years. There is further potential upside to the project life via extensions of the near surface mineralised material along strike to the NW of the main Sihayo pit and potentially from future drilling at the exciting Hutabargot Julu prospect located within 10km of the proposed Sihayo-Sambung CIL plant.

## **Power Supply**

A number of options have been considered in relation to power supply (hydro, palm kernel shell – PKS biomass, coal fired, diesel/LNG generators and diesel generators) for the project and the construction of a coal fired power station is the preferred long-term option. Sihayo is investigating the full outsourcing of the power station (design, construct, commissioning and operate) including a LOM power purchase agreement with some of Indonesia's leading independent power providers ("IPP").

Alternatively, the Company shall own and operate the power station and this would increase the initial capital cost by approximately US\$17m for Stage 1 and result in lower cash operating costs overall.



## Capital & Operating Costs

The initial capital cost estimate for Stage 1 is US\$72 million.

The major components of the capital cost estimate are:

• Process Plant	31M
• Infrastructure	29M
• Owners Cost	5M
• EPCM	7M
<b>TOTAL</b>	<b>US\$72M</b>

Site cash operating costs estimates for Stage 1 are in the range of US\$615/oz – US\$645/oz.

The primary capital cost for Stage 2 is the upgraded crushing and grinding circuits and is estimated at US\$11million.

Additionally, to maintain ore throughput at the 1.3Mtpa level, a Stage 2 pre-strip will be required.

Full details of Stage 2 capital and operating costs will be included in the DFS release.

### 1.1.2 HUTABARGOT JULU EXPLORATION

The Hutabargot Julu prospect is located on the south eastern portion of the **11.5km long Sihayo-Hutabargot mineralised trend** (refer to Figure 1 below). The prospect is about 10km southeast from the **Sihayo-Sambung JORC Compliant Resource of 17Mt at 2.7 g/t Au for 1.5 Moz Au**.

The Hutabargot Julu prospect is underlain by a dacitic dome complex and dissected by the Trans Sumatran Fault Zone. Dacitic stratigraphy has been hydrothermally brecciated and magnetite destructive clay-silica-pyrite altered defining an approximate 6km \* 2km intermediate epithermal gold complex footprint. Significant mineralisation is structurally controlled veining within hydrothermal breccias and veins. A major North-South dislocation structure hosting high grade gold- silver mineralisation has been identified in **Western** Hutabargot. Historic drilling was focussed in **Eastern** Hutabargot and yielded a best intercept of **5m @ 36.7 g/t Au from 47m** from Quartz-Sulphide veining.

A recent data synthesis and field visit by Australian-based consultant, Ben Nicolson, culminated in a scout drilling program targeting three areas along the approximate 4 km North-South mineralised structure for gold-silver mineralisation. This structure has the potential to host **high grade gold ore shoots within 10 km of the proposed Sihayo-Sambung CIL processing plant**. The potential size of the gold/silver shoots ranges from smaller satellite zones to larger standalone targets. Scout drilling of these targets commenced on the 1<sup>st</sup> November 2012. Two of the three targets have been tested by 13 drill holes for 1,250m of drilling (2 holes pending results).

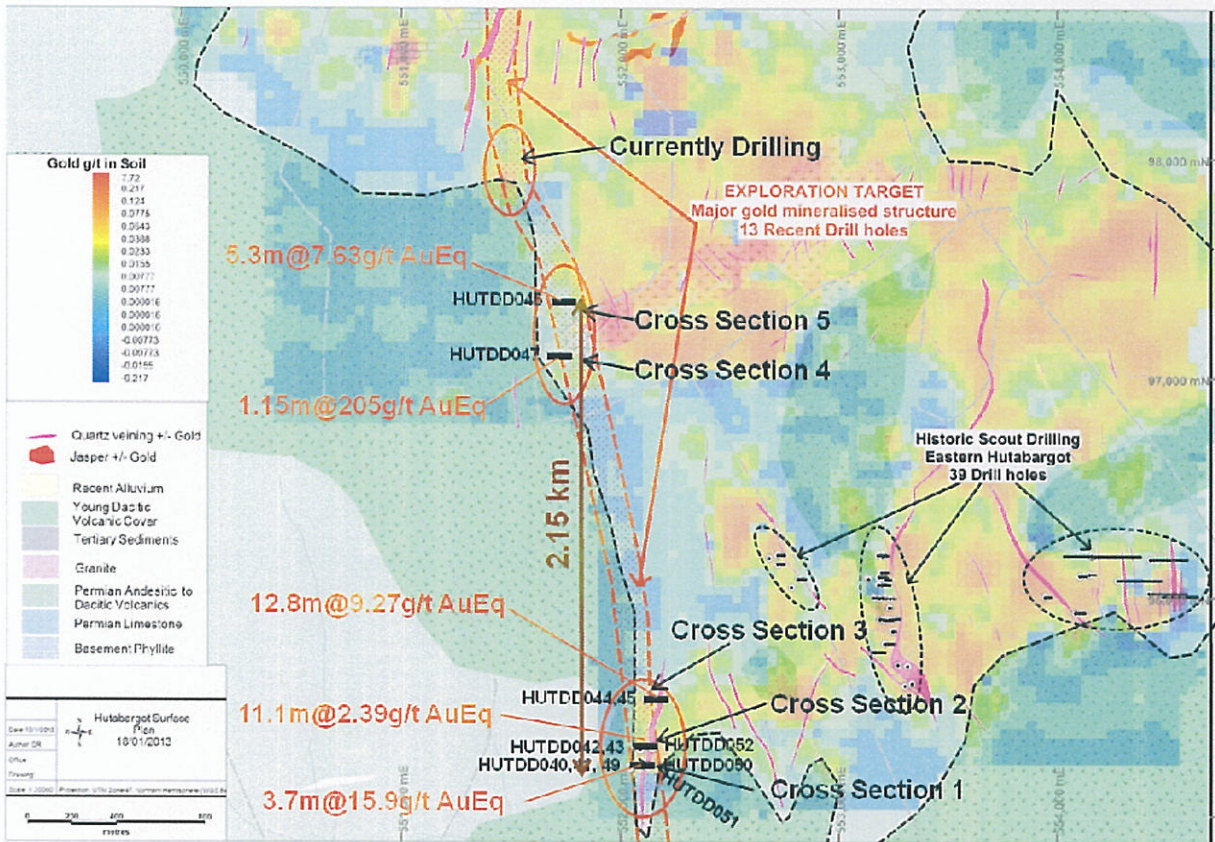
Each drill section has delivered significant to high grade gold and/or silver mineralisation. The drilling confirms that the structure has continuity and attributes to host significant gold-silver mineralisation. Higher silver grades (up to **1,110 g/t in HUTDD044 from 36.8 to 37.8m**) are associated with a "substantial" boiling zone showing quartz-manganese oxide after rhodocrosite veining overprinted by crustiform-colloform quartz veining (Refer Cross section 3 below).

Figure 2 shows the location of this reports drill results and the ongoing drill program. Cross Sections 1 to 5 summarise significant drill intercepts and geology and Table 1 summarises significant drill intercepts.

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



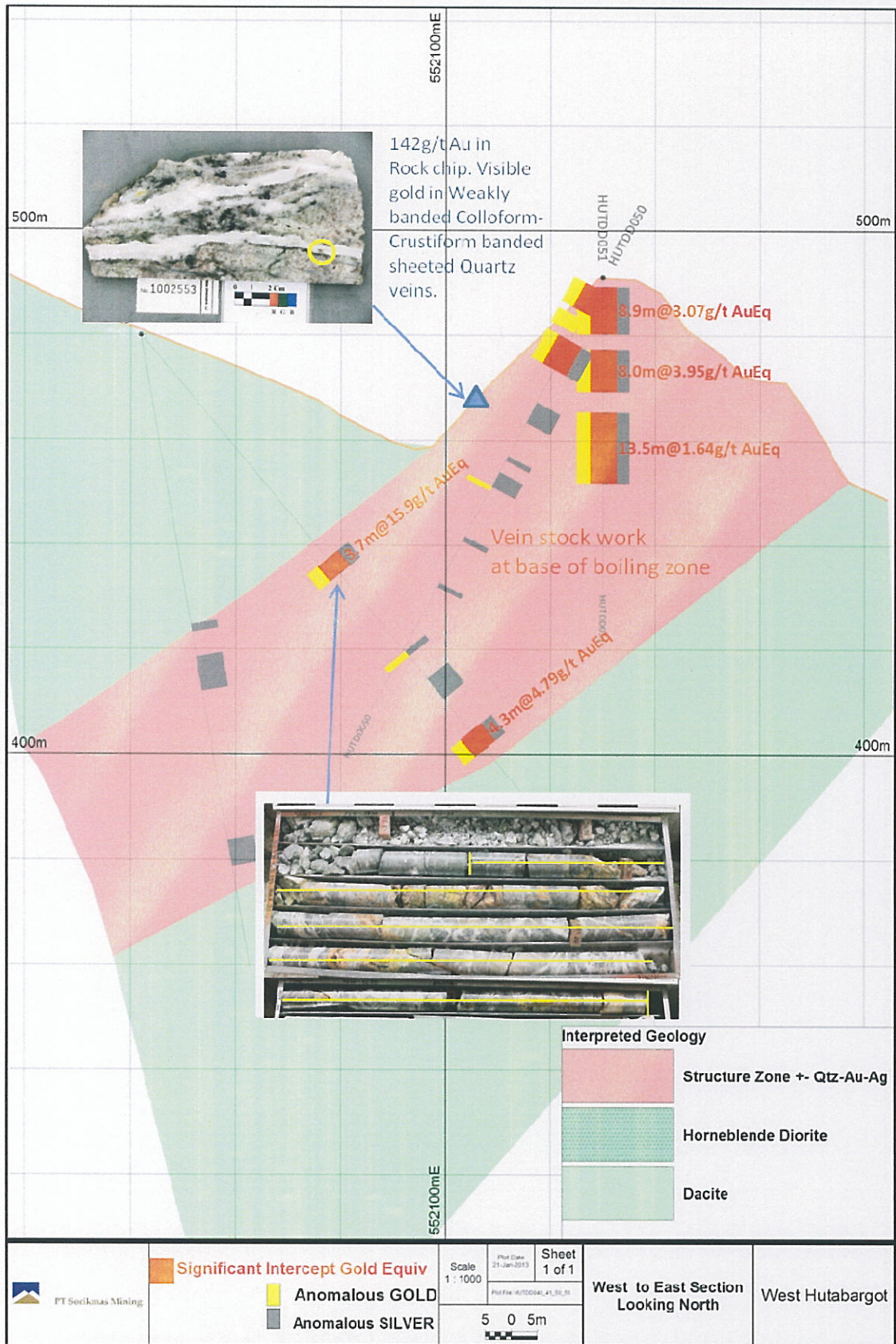
**Figure 1: Hutabargot Julu Location**



**Figure 2: Drill hole and cross section locations this report. One significant gold intercept shown in plan view per cross section (see cross sections below for further details)**

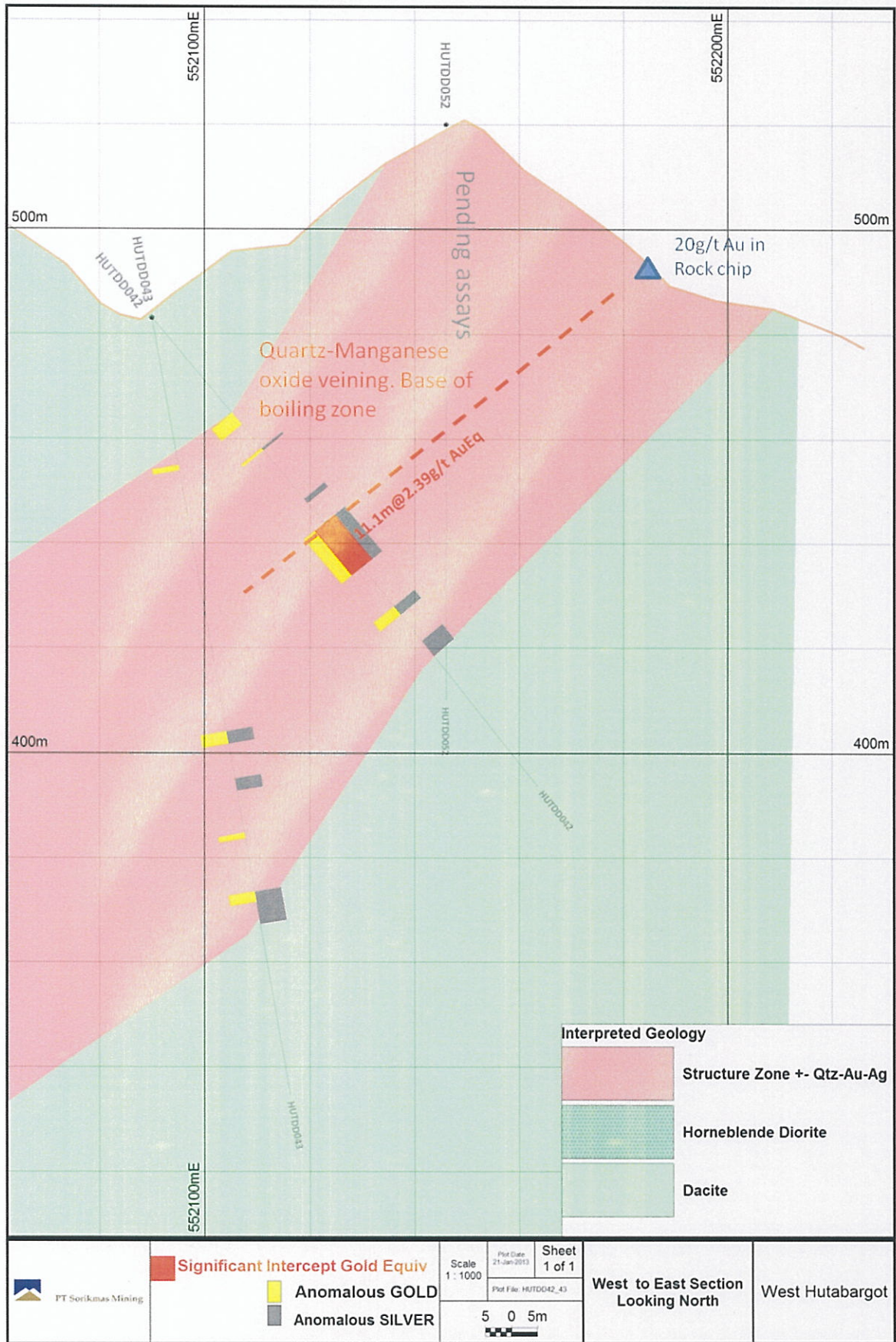
NB: Gold equivalent (AuEq) is a calculated grade. Silver (Ag) is calculated as a gold (Au) equivalent by using a ratio of 50 grams of silver (~\$32USD per ounce) to 1 gram of gold (~\$1600USD per ounce).





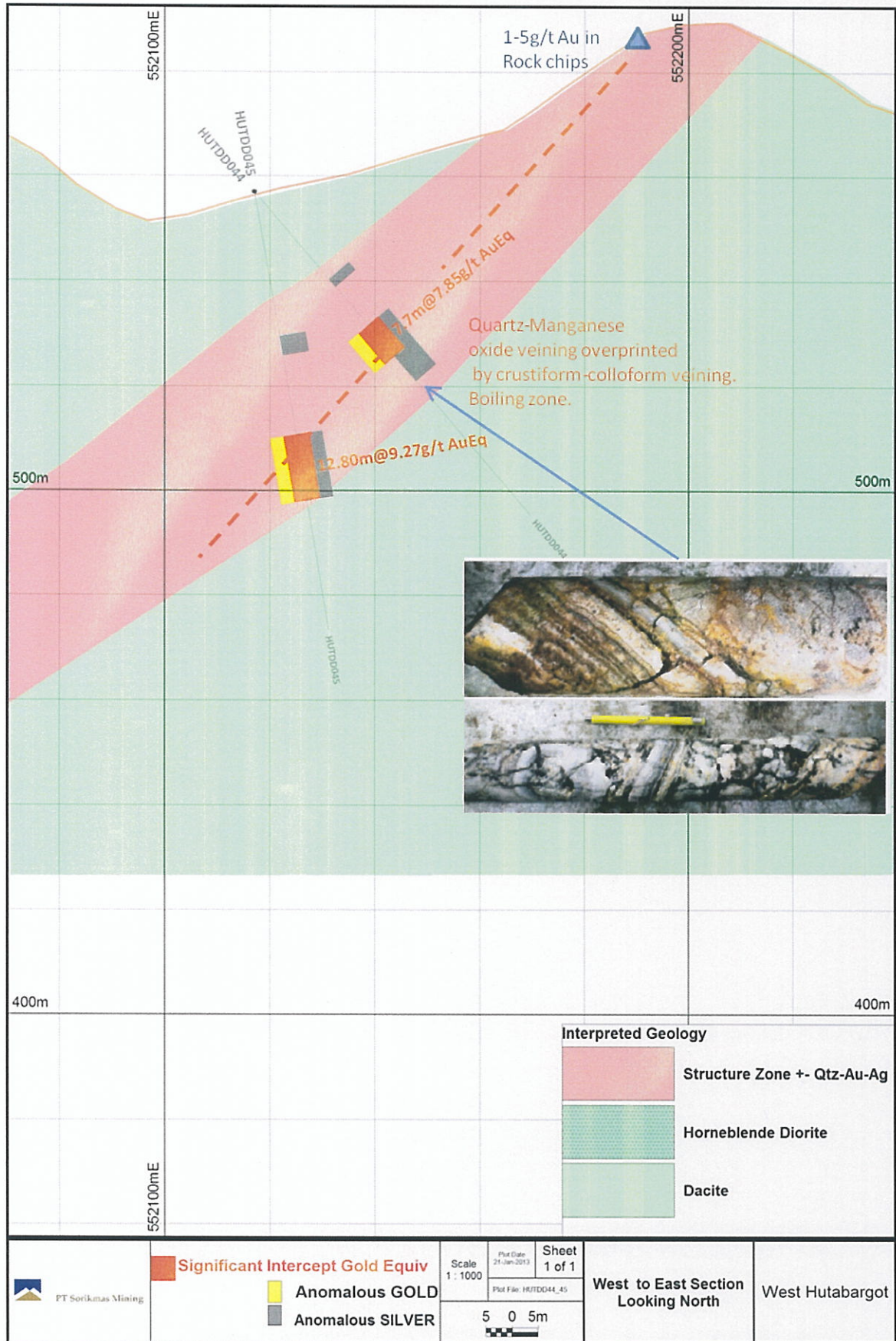
**Cross Section 1: HUTDD040, HUTDD041, HUTDD050, HUTDD051.  
(Located in Figure 2, looking north)**





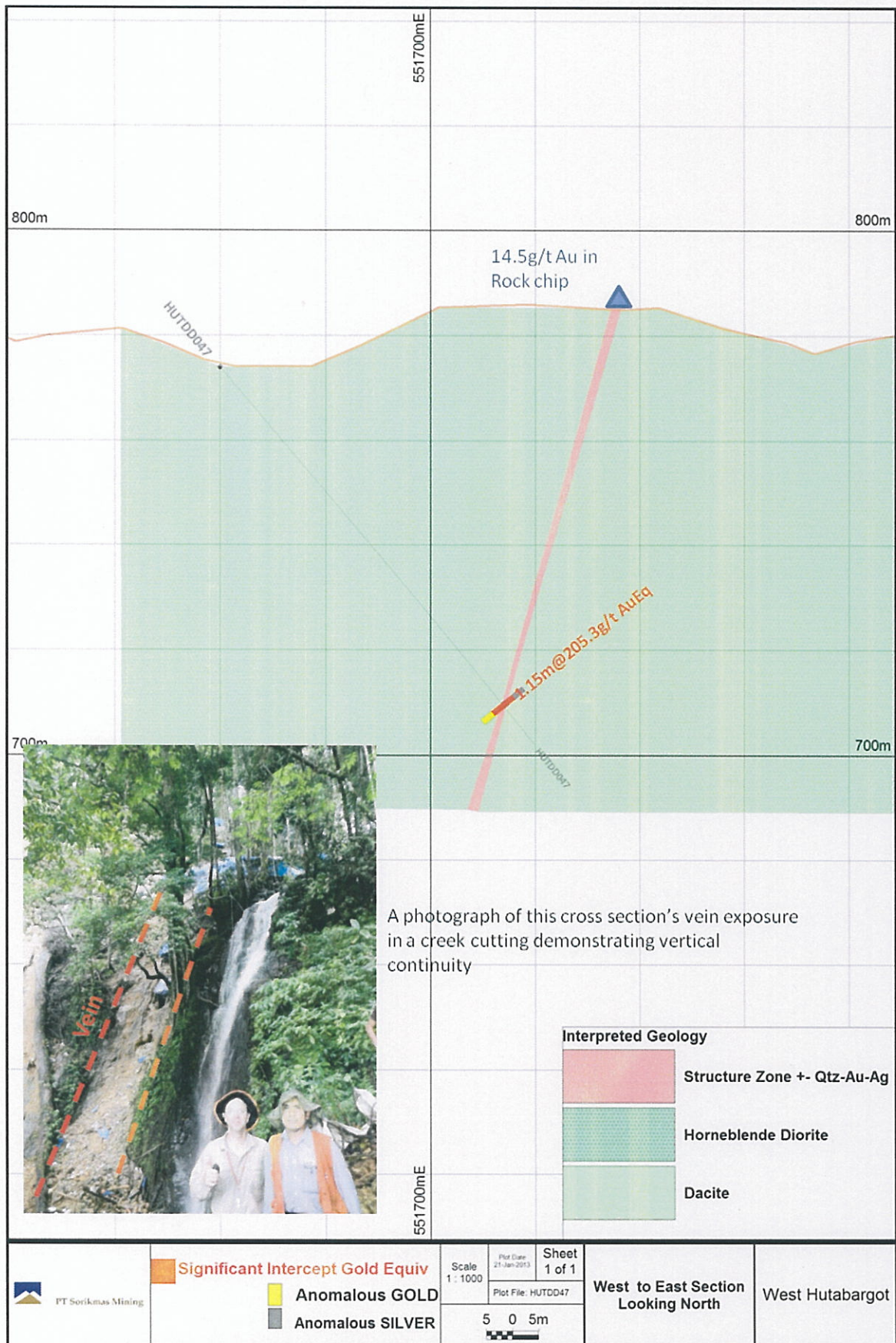
**Cross Section 2: HUTDD042 & HUTDD043. (Located in Figure 2, looking north)**





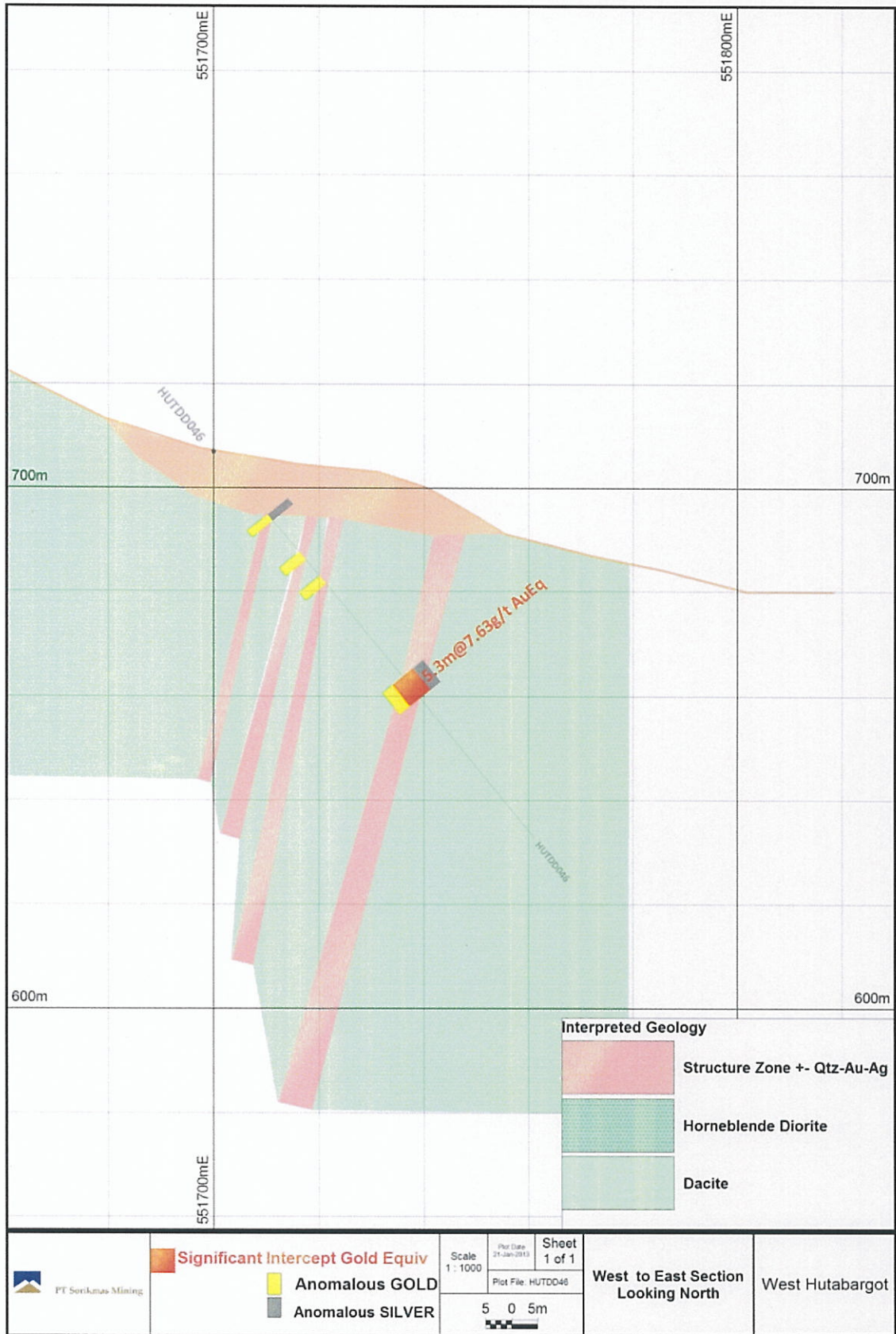
**Cross Section 3: HUTDD044 & HUTDD045. (Located in Figure 2, looking north)**





**Cross Section 4: HUTDD047. (Located in Figure 2, looking north)**





**Cross Section 5: HUTDD046. (Located in Figure 2, looking north)**



Table 1: Significant gold Intercepts for drill holes HUTDD040 to HUTDD051

Hole_ID	East UTM	North UTM	RL (m ASL)	Azi	Dip	Max Depth (m)	From	To	Length	Au g/t	Ag g/t	Au equiv g/t
HUTDD040	552042	95215	480	90	-50	140.5	55.4	59.1	3.7	15.45	23	15.90
							78.5	79.7	1.2	1.06	36	1.78
							85.25	90.2	4.95		24	0.48
							98.2	102.5	4.3	1.39	170	4.79
							119.6	124.6	5		17	0.34
HUTDD041	552042	95215	480	90	-80	195.75	56	57.5	1.5		24	0.48
							62.3	68.85	6.55		26	0.52
							97.6	102.6	5		23	0.46
							179.8	181.1	1.3		33	0.66
HUTDD042	552090	95301	483	90	-50	115.7	23.55	26.4	2.85	1.15		1.15
							32.4	32.85	0.45	2.54	448	11.5
							45	46	1		27	0.54
							51	62.1	11.1	1.79	30	2.39
							71.8	73.8	2	1.03	25	1.73
							80.2	83.8	3.6		31	0.62
HUTDD043	552090	95301	483	90	-80	150.75	28.5	29.5	1	1.24		1.24
							80.05	82.4	2.65	1.63	46	2.55
							89.2	91.55	2.35		27	0.54
							99.8	100.8	1	1.21		1.21
							111.2	113.2	2	1.44	50	2.44
							113.2	117.5	4.3		28	0.56
HUTDD044	552117	95532	557	90	-50	81.3	21.9	23.8	1.9		33	0.66
							33.4	41.1	7.7	1.65	310	7.85
							41.1	47.3	6.2		36	0.72
HUTDD045	552117	95532	557	90	-80	84.9	27.85	31.55	3.7		45	0.90
							46.95	59.75	12.8	1.67	380	9.27
HUTDD046	551698	97339	726	90	-50	96.2	15.9	17.4	1.5	1.12	54	2.20
							25.3	27.3	2	1.34		1.34
							31.3	33.3	2	3.92		3.92
							56.2	61.5	5.3	7.25	19	7.63
HUTDD047	551660	97097	774	90	-50	93.5	83.4	84.55	1.15	204	63	205.3
HUTDD050	552130	95221	491	310	-55	100.7	2.6	8.2	5.6	1.86	18	2.22
							9.6	12.8	3.2	1.02		1.02
							14.6	21.2	6.6	1.42	53	2.48
							28.8	33.4	4.6		19	0.38
							41.3	42.3	1		15	0.3
							45	48.45	3.45		38	0.76
							48.45	49.45	1	1.63		1.63
							60.1	61.1	1		21	0.42
							70.9	71.9	1		15	0.30



Hole_ID	East UTM	North UTM	RL (m ASL)	Azi	Dip	Max Depth (m)	From	To	Length	Au g/t	Ag g/t	Au equiv g/t
HUTDD051	552130	95221	491	0	-90	59.3	1.8	10.7	8.9	2.75	16	3.07
							13.6	21.6	8	3.59	18	3.95
							25.5	39	13.5	1.06	29	1.64

#### Notes

1. All Au assays determined by 50gm fire assay with AAS finish by Intertek- Caleb Brett Laboratories of Jakarta
2. Lower cut of 1.0ppm Au used
3. All Ag assays determined by Hydrochloric/Perchloric digestion with AAS finish by Intertek- Caleb Brett Laboratories of Jakarta
4. Lower cut of 15.0 g/t Ag used
5. A maximum of 2m of consecutive internal waste (material less than 1.0ppm Au or less than 15g/t Ag) per reported intersection
6. Au equivalent uses ratio of 50 grams silver to 1 gram gold
7. All interval grades were calculated as a weighted average
8. All intervals reported as down hole lengths
9. Sampling regime as quarter core for PQ and half core for NQ and HQ diameter core
10. Quality Assurance and Quality Control (QAQC): Standards, duplicates, blanks
11. Coordinates in UTM grid system (WGS84 z47N)

### 1.2 Malawi (Uranium) 100%

All activities have been ceased and leases that may have been held are now lapsed.

### 1.3 India (Diamonds) 9%

No progress was made during the half year period in resolving the legal status of the diamond tenements in India, the matter is yet to be finalised.

## 2. Corporate Activities

The Company finished the December half with a cash balance of A\$3.873 million and no debt.



## 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.



**Peter Bilbe**  
Chairman

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15<sup>th</sup> March 2013

### **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 2012**

	Note	31.12.2012 \$	31.12.2011 \$
Other revenue	3	11,822	71,486
Total Revenue		<u>11,822</u>	<u>71,486</u>
Corporate secretarial expenses		(25,244)	(50,411)
Depreciation	3	(101,734)	(8,674)
Directors' fees		(104,950)	(106,200)
Employee expense		(1,480,277)	(1,458,155)
Exploration expenditure	3,9	-	(476,452)
External consultancy expenses		(1,111,042)	(1,200,404)
Insurance expenses		(11,654)	(10,697)
Legal costs		(817)	-
Postage		(884)	(18,066)
Printing and stationary		-	-
Rates and taxes		(8,753)	(6,923)
Rental expense		(32,743)	(64,933)
Share based payments	3	(10,541)	-
Travel and entertainment		(182,246)	(176,208)
Other expenses		<u>(2,179,852)</u>	<u>(1,944,050)</u>
Loss before income tax		(5,238,915)	(5,449,687)
Income tax expense		-	-
Loss after income tax		<u>(5,238,915)</u>	<u>(5,449,687)</u>
Other comprehensive income			
Items that may be classified to profit or loss			
Exchange differences on translation of foreign operations		<u>880,760</u>	<u>583,894</u>
Total comprehensive loss attributable to members of Sihayo Gold Limited		<u>(4,358,155)</u>	<u>(4,865,793)</u>
<b>Loss after income tax attributable to :</b>			
Member of Sihayo Gold Limited		(4,786,925)	(4,436,738)
Non Controlling Interest		<u>(451,990)</u>	<u>(1,012,949)</u>
		<u>(5,238,915)</u>	<u>(5,449,687)</u>
<b>Comprehensive loss after income tax attributable to:</b>			
Member of Sihayo Gold Limited		(3,906,165)	(3,852,844)
Non Controlling Interest		<u>(451,990)</u>	<u>(1,012,949)</u>
		<u>(4,358,155)</u>	<u>(4,865,793)</u>
Basic loss per share in cents		(0.66)	(0.78)
<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 2012

	Note	31.12.2012 \$	CONSOLIDATED 30.06.2012 \$
<b>Current Assets</b>			
Cash and cash equivalents	8	3,873,338	11,130,476
Trade and other receivables		2,474,716	2,569,684
Inventory		16,826	31,496
Financial assets		8,550	16,950
		6,373,430	13,748,606
<b>Total Current Assets</b>			
<b>Non-Current Assets</b>			
Other assets	9	19,214,578	15,642,395
Plant & equipment		695,465	833,055
		19,910,043	16,475,450
<b>Total Non-Current Assets</b>			
		<b>26,283,473</b>	<b>30,224,056</b>
<b>Total Assets</b>			
<b>Current Liabilities</b>			
Trade and other payables		1,203,016	1,243,361
Provisions		90,254	94,888
Other liabilities		23,605	23,605
		1,316,875	1,361,854
<b>Total Current Liabilities</b>			
<b>Non-Current Liabilities</b>			
Provisions		516,218	516,198
		516,218	516,198
<b>Total Non-Current Liabilities</b>			
		<b>1,833,093</b>	<b>1,878,052</b>
<b>Total Liabilities</b>			
		<b>24,450,380</b>	<b>28,346,004</b>
<b>Net Assets</b>			
<b>Equity</b>			
Issued capital	7	90,500,944	90,500,944
Reserves		8,202,068	7,310,767
Accumulated losses		(75,383,419)	(70,144,504)
		23,319,593	27,667,207
Total parent entity interest		1,130,787	678,797
Non-Controlling interest in controlled entities		<b>24,450,380</b>	<b>28,346,004</b>
<b>Total Equity</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 2012

<b>CONSOLIDATED</b>	\$	\$	\$	\$	\$	\$
	Share Capital & shares to be issued	Options Reserve	FX Reserve	Accumulated Losses	Non- Controlling Interest	Total
Balance at 1.7.11	76,374,517	2,230,437	3,481,702	(60,433,443)	635,731	22,288,944
Total loss for the period	-	-	-	(5,449,687)	-	(5,449,687)
<u>Other comprehensive income:</u>						
Movement in foreign currency translation reserve	-	-	583,894	-	-	583,894
Movement in Non-Controlling Interest	-	-	-	-	1,012,949	1,012,949
Issue of shares & shares to be issued	486,225	-	-	-	-	486,225
Share issue costs	-	-	-	-	-	-
Issue of options	-	-	-	-	-	-
<b>Balance at 31.12.11</b>	<b>76,860,742</b>	<b>2,230,437</b>	<b>4,065,596</b>	<b>(65,883,130)</b>	<b>1,648,680</b>	<b>18,922,325</b>
	\$	\$	\$	\$	\$	\$
	Share Capital & shares to be issued	Options Reserve	FX Reserve	Accumulated Losses	Non- Controlling Interest	Total
Balance at 1.7.12	90,500,944	2,230,437	5,080,330	(70,144,504)	678,797	28,346,004
Total loss for the period	-	-	-	(5,238,915)	-	(5,238,915)
<u>Other comprehensive income:</u>						
Movement in foreign currency translation reserve	-	-	880,760	-	-	880,760
Movement in Non-Controlling Interest	-	-	-	-	451,990	451,990
Share based payment transactions	-	10,541	-	-	-	10,541
Share issue costs	-	-	-	-	-	-
Issue of options	-	-	-	-	-	-
<b>Balance at 31.12.12</b>	<b>90,500,944</b>	<b>2,240,978</b>	<b>5,961,090</b>	<b>(75,383,419)</b>	<b>1,130,787</b>	<b>24,450,380</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 2012**

	Note	CONSOLIDATED	
		31.12.2012	31.12.2011
		\$	\$
<b>Cash flows from operating activities</b>			
Payments to suppliers and employees		(3,737,079)	(2,425,692)
Prepayments		-	(466,053)
General & administrative expenditure		-	(2,218,602)
Interest received		11,822	71,486
Interest paid		-	-
<b>Net cash (used in) operating activities</b>		<b>(3,725,257)</b>	<b>(5,038,861)</b>
<b>Cash flows from investing activities</b>			
Purchase of plant & equipment		(23,885)	(82,946)
Mining exploration and evaluation expenditure		(3,307,369)	(2,525,309)
<b>Net cash (used in) investing activities</b>		<b>(3,331,254)</b>	<b>(2,608,255)</b>
<b>Cash flows from financing activities</b>			
Proceeds from share issue		-	486,352
Payment for unmarketable share securities		-	(126)
<b>Net cash provided by financing activities</b>		<b>-</b>	<b>486,226</b>
Net decrease in cash and cash equivalents held		(7,056,511)	(7,160,890)
Cash and cash equivalents at the beginning of the reporting period		11,130,476	13,176,949
Effects of exchange rate changes on cash and cash equivalents		(200,627)	628,605
Cash and cash equivalents at the end of the reporting period	8	<b>3,873,338</b>	<b>6,644,664</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 2012**

**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 2012 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 2012 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 2012 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 2012 and considered together with any public announcements made by Sihayo Gold Limited and its controlled entities during the half year ended 31 December 2012 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) Significant accounting policies**

In the half-year ended 31 December 2012, the Group has reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to its operations and effective for annual reporting periods beginning on or after 1 July 2012.

It has been determined by the Group that there is no impact, material or otherwise, of the new and revised Standards and Interpretations on its business and, therefore, no change is necessary to Group accounting policies.

The group has also reviewed all new Standards and Interpretations that have been issued but are not yet effective for the half-year ended 31 December 2012. As a result of this review the Directors have determined that there is no impact, material or otherwise, of the new and revised Standards and Interpretations on its business and, therefore, no change necessary to Group accounting policies.







**SIHAYO GOLD LIMITED AND CONTROLLED ENTITIES**  
**ACN 009 241 374**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE HALF YEAR ENDED 31 DECEMBER 2012**

**4. SEGMENT INFORMATION (CONTINUED)**

**Revenue by geographical region**

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

	<b>31.12.2012</b>	<b>31.12.2011</b>
	\$	\$
Australia	11,822	71,486
Africa	-	-
South East Asia	-	-
India	-	-
Other foreign countries	-	-
<b>Total revenue</b>	<u>11,822</u>	<u>71,486</u>

**Segment Result by geographical region**

	<b>31.12.2012</b>	<b>31.12.2011</b>
	\$	\$
Australia	(753,939)	(1,551,833)
Africa	(299)	(2,467)
South East Asia	(4,484,677)	(3,895,160)
India	-	(227)
<b>Segment Result</b>	<u>(5,238,915)</u>	<u>(5,449,687)</u>

**Assets by geographical region**

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

	<b>31.12.2012</b>	<b>30.06.2012</b>
	\$	\$
Australia	6,509,856	10,962,731
Africa	22,303	22,211
South East Asia	19,751,312	19,239,112
India	2	2
<b>Total Assets</b>	<u>26,283,473</u>	<u>30,224,056</u>

**Liabilities by geographical region**

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

	<b>31.12.2012</b>	<b>30.06.2012</b>
	\$	\$
Australia	233,571	321,128
Africa	-	-
South East Asia	1,599,522	1,556,924
India	-	-
<b>Total Liabilities</b>	<u>1,833,093</u>	<u>1,878,052</u>



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

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE HALF YEAR ENDED 31 DECEMBER 2012**

**5. SUBSEQUENT EVENTS**

There are no subsequent events since 31 December 2012.

**6. CONTINGENCIES & COMMITMENTS**

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

**7. ISSUED CAPITAL**

	<b>31.12.2012</b>	<b>30.06.2012</b>
	\$	\$
<b>Ordinary shares</b>		
Issued & fully paid	90,500,944	90,500,944
	90,500,944	90,500,944

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

		<b>31.12.2012</b>	
		No. of shares	\$
1 July 2012	Opening balance	799,377,748	90,500,944
	Shares Issued	-	-
		799,377,748	90,500,944
	Less :		
	Share issue costs	-	-
	<b>Balance as at 31 December 2012</b>	799,377,748	90,500,944

**Options**

As at 31 December 2012, the Company had the following unlisted options:

- 6,800,000 options to subscribe for fully paid ordinary shares exercisable at 15 cents at any time on or before the expiry date of 31 May 2013.
- 2,000,000 options exercisable at 12.5 cents on or before the expiry date of 30 June 2013.
- 1,000,000 options exercisable at 13 cents vesting at earlier of construction commencement or 1 September 2014 expiring date of 1 October 2014.
- 1,000,000 options exercisable at 13 cents vesting at time of plant commissioning or 1 September 2015 expiring date of 1 October 2015.

The following options expired during the period

- On 31 December 2012 2,000,000 unlisted options were exercised at 25 cents.
- On 31 December 2012 1,000,000 unlisted options were exercised at 25 cents.



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

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE HALF YEAR ENDED 31 DECEMBER 2012**

	<b>31.12.2012</b>	<b>30.06.2012</b>
	\$	\$
<b>8. RECONCILIATION OF CASH</b>		
Cash and cash equivalents	3,873,338	11,130,476
	3,873,338	11,130,476
 <b>9. EXPLORATION</b>		
	<b>31.12.2012</b>	<b>30.06.2012</b>
	\$	\$
Carrying amount at beginning of period	15,642,395	9,267,844
Expenditure incurred during the year	3,572,183	6,381,045
Expenditure written off during the year	-	(6,494)
	19,214,578	15,642,395
Carrying amount at end of period	19,214,578	15,642,395
Other assets	-	-
Total amount	19,214,578	15,642,395

**10. 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 2012 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 \$8,823,945 in its accounts for the period ended 31 December 2012 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>31.12.2012</b>	<b>30.06.2012</b>
	\$	\$
Non-current receivables	58,424,340	49,608,795
Provision for Doubtful Debts	(58,424,340)	(49,608,795)
	-	-



**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 16-24;  
(a) comply with Accounting Standard AASB 134: – Interim Financial Reporting, the Corporations Regulations; and  
(b) give a true and fair view of the consolidated entity's financial position as at 31 December 2012 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 Perth this 15th day of March 2013.



**Peter Bilbe**  
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 2012, the consolidated statement of profit or loss and comprehensive income, consolidated statement of changes in equity, and 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 2012 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 2013.

*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 2012 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.

**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  
15 March 2013



15 March 2013

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 2012 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