



# **SIHAYO GOLD LIMITED**

ACN 009 241 374

**HALF YEAR FINANCIAL STATEMENTS  
31 DECEMBER 2018**

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**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 2018**

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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 2018.

## **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  
Gavin Caudle  
Stuart Leslie Gula  
Daniel Nolan

Mark Hepburn (appointed on 1 August 2018 and resigned on 26 November 2018)  
Malcolm Paterson (resigned on 31 August 2018)

## **RESULT**

The net operating loss for the half-year ended 31 December 2018 was \$845,005 and for the half-year ended 31 December 2017 the loss was \$1,806,950.

## **REVIEW OF OPERATIONS**

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

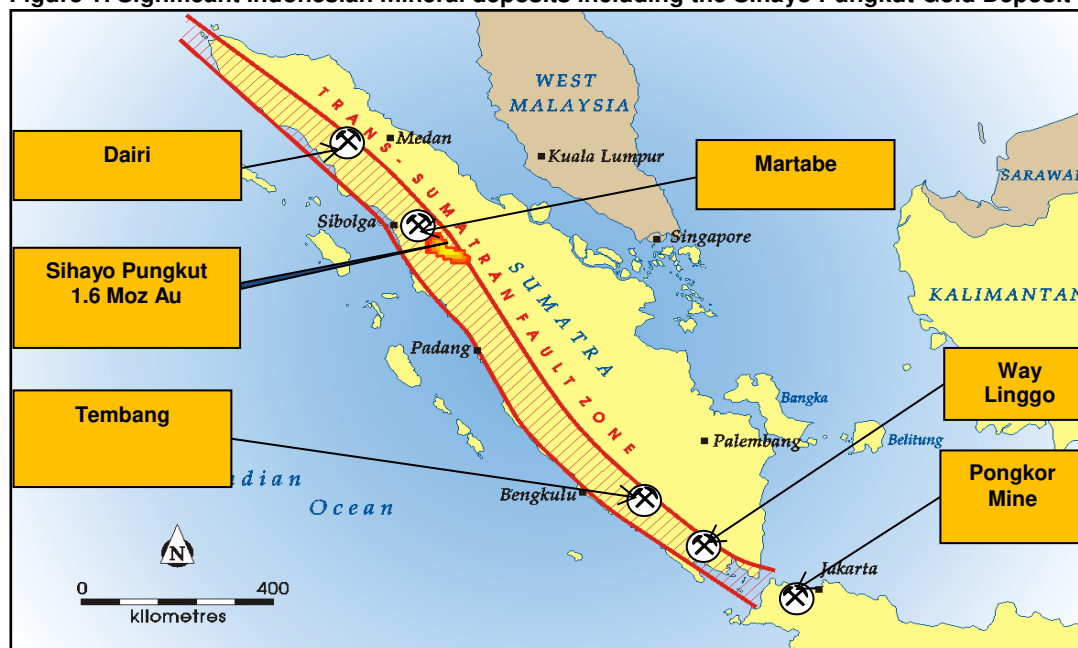
The Sihayo Gold Project ("Sihayo") is located within a Generation VII Contract of Work ("CoW") located within Mandailing Natal, North Sumatra, Indonesia.

The Company holds its interest in Sihayo through 100% ownership of Aberfoyle Pungkut Investments Pte Ltd ("API"). The CoW is held by PR Sorikmas Mining ("Sorikmas") which is operated under a joint Venture arrangement between API (75%) and PT Aneka Tambang, Tbk (25%) ("ANTAM").

The CoW describes in detail the rights and obligations of both the Company and the Government during the term of the CoW. The Sihayo CoW is in the second year of construction having completed the three main Indonesian Government Statutory Permits.

Sihayo Gold is responsible for 100% of the exploration and development funding of Sorikmas until the commencement of production. The funding is by way of loans to Sorikmas and under the terms of the Loan Agreement, Antam is required to repay its share of loans to Sihayo Gold or other lenders to Sorikmas, from 80% of its attributable share of available cash flow from production, until its 25% share of the loans are repaid in full.

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



The current Sihayo JORC Code (2012 Edition) Mineral Resource Estimate, which was revised in July 2018, stands at 23.4 Mt at 2.11 g/t for 1.585 Moz.

Indicated and Measured Resources at Sihayo only have been converted to JORC Code (2012 Edition) Ore Reserves by Entech Pty Ltd containing 11.39 Mt at 2.1 g/t for 761,000oz.

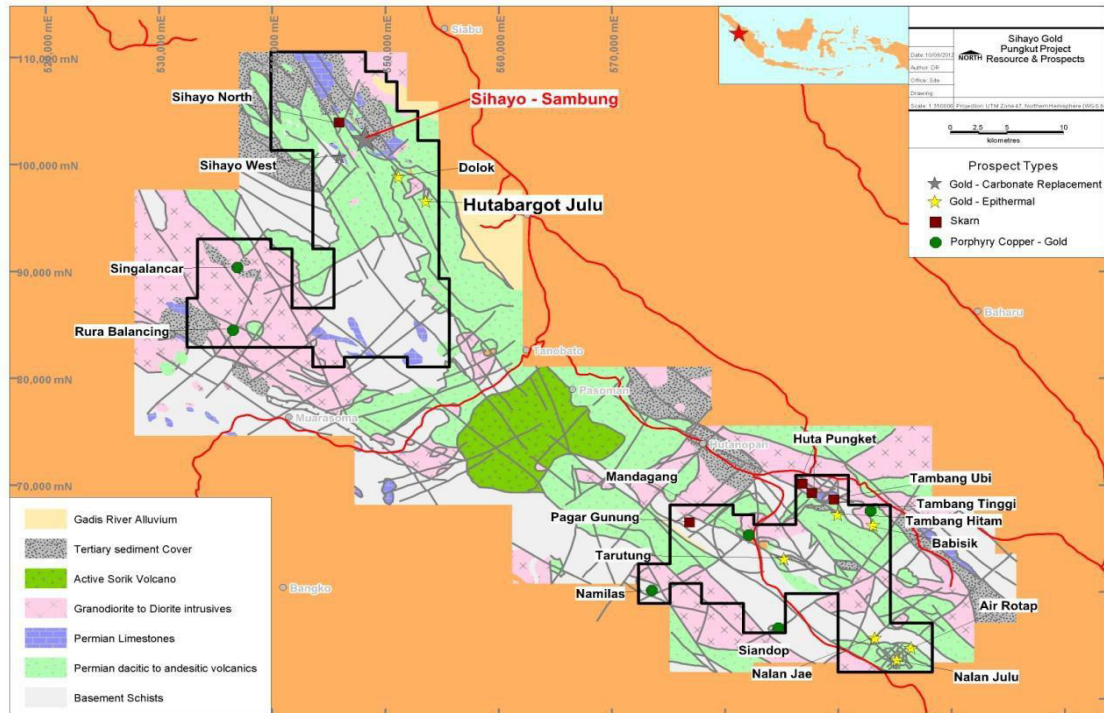
### **Sihayo Pungkut - Geology**

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

Figure 2 shows the location of the Sihayo Resource and key exploration prospects across the CoW that support an opportunity for significant exploration targets for ongoing potential project generation.

In addition to the Sihayo Resource there are over twenty (20) identified prospects of carbonate-hosted gold, low to intermediate - sulphidation epithermal-vein gold; gold-copper skarn, copper-gold porphyry, and lead zinc skarn style mineralisation spread across the highly prospective CoW area and these prospects will be the subject of future exploration activities.

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



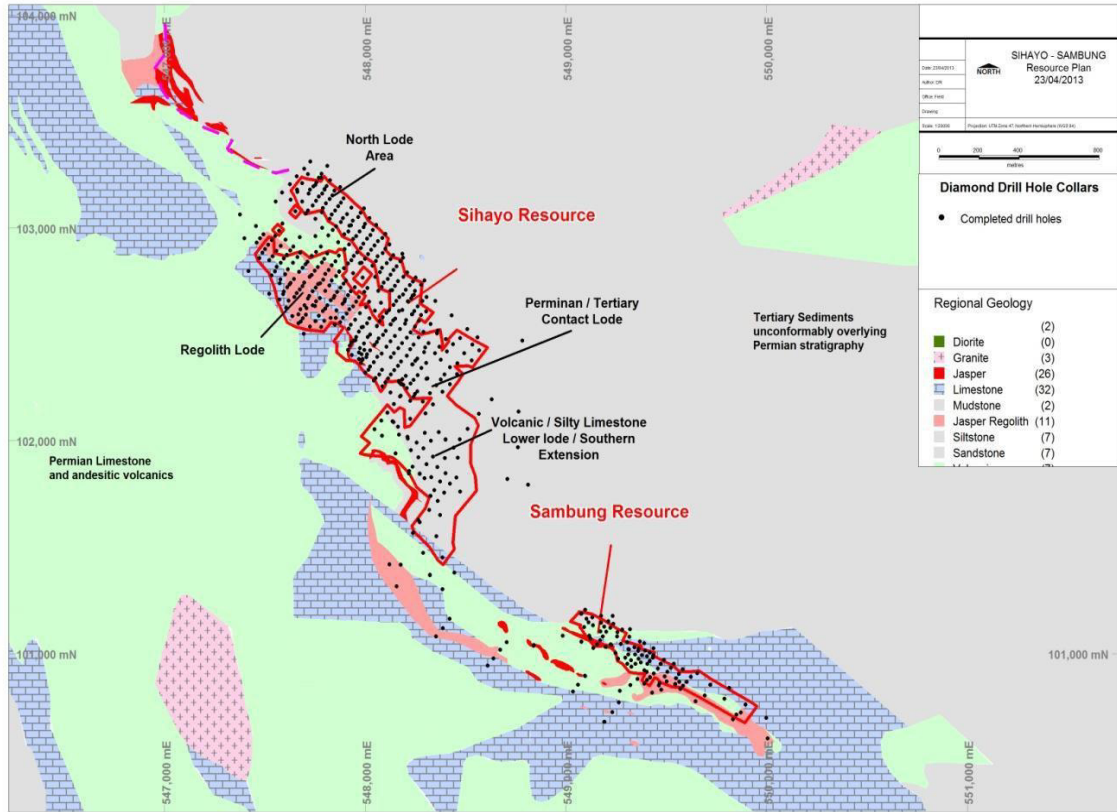
### Resource Estimate

The Sihayo Mineral Resource Estimate is based upon review and work undertaken by Mr Anthony McDougall, the Company's chief geologist. The relevant JORC 2012 Table 1 is available on the Company website.

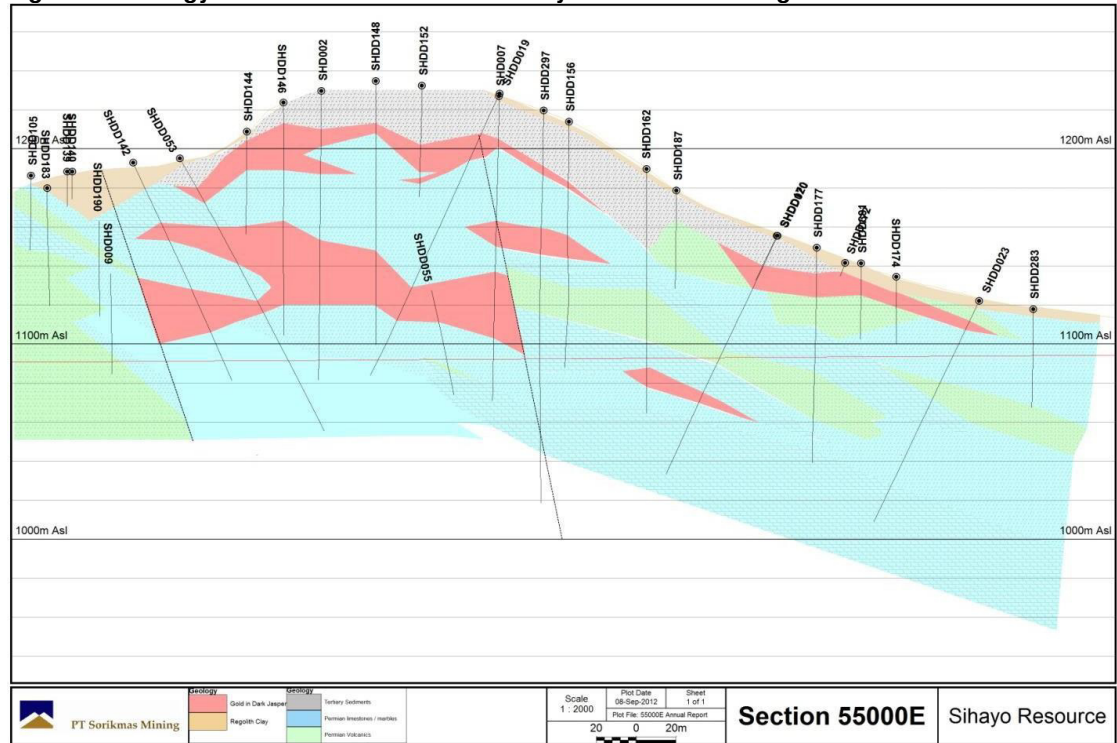
<b>Resource</b>	<b>Tonnage (Mt)</b>	<b>Grade Au (g/t)</b>	<b>Contained Gold ounces</b>	<b>JORC Classification</b>	<b>Au Cut-off grade (g/t)</b>
<b>SIHAYO</b>	<b>23.4</b>	<b>2.11</b>	<b>1,585,000</b>	<b>Measured &amp; Indicated &amp; Inferred</b>	<b>0.6</b>

**Table 1: JORC Code (2012 Edition) Mineral Resource Estimate revised by as at July 2018**

**Figure 3: Sihayo-Sambung Resources Location Plan**



**Figure 4: Geology Cross Section 55000E of Sihayo Resource looking NW**





The revised Feasibility is based on a gold price of US\$1,300 and reflects updated assumptions:

- Doubling the production rate to average 91,000 oz per year,
- Reducing tailings and waste disposal costs,
- Owner operation for mining, drilling and laboratory service,
- Simplified plant design to reduce capital,
- Including grid power,
- Inclusion of cyanide recovery and detox technology using the RECYN process to reduce operating costs.

Subsequent to the completion of the Feasibility Study work focussed on optimisations to the project, including the decoupling of the mine plan from the construction of the tailings storage facility together with investigating the potential to stage the development of the open pit.

### **Ongoing Work Program**

Ongoing review of the project indicated there would be significant benefits in further infill drilling of the ore body. This will lead to upgrading ore currently classified as Inferred to Indicated or Measured, which will allow an upgrade of the resource model and improve the classification of waste material. Additionally, it will improve the knowledge of the metallurgy in the complex ore body facilitating better mining plans to maximise recoveries. Some work has been done but more is required to decouple the mine plan from the construction of the tailings facility. This will enable better optimisation of the mine plan, including investigation of a staged development of the project.

In parallel with this program it is also proposed to test the nearby Hutabargot Julu ("Hutabargot"), a highly prospective target located approximately 10km south east of the Sihayo Project. In 2012-13 a fifteen (15) hole 'scout drilling' program of 1,627m was executed testing 3 targets. Drilling identified a potential 4km structure for gold and silver mineralisation. A further review in 2016 by a noted exploration geologist again highlighted the high potential at Hutabargot. The current proposed program aims to increase the detailed knowledge of the potential mineralisation of the structure.

Drilling at Sihayo is planned to commence in the first half of 2019, with that at Hutabargot planned for the second half of the year.

### **Permitting and Approvals**

The status of the CoW is now in the second year of construction and the Company would like to complete construction within the permitted three year period, providing funding of the project is successful.

The three key Indonesian Government approvals, Feasibility Study, AMDAL (environmental) and Forestry are complete, however amendments are being prepared reflecting the proposed changes resulting from the revised Feasibility Study. As a result of the revised feasibility study, addendums to both the previous Government of Indonesia Feasibility Study and AMDAL (environmental permits) approvals were required. Draft addendums were presented to the Government for review. This process is ongoing.

Additional permits will be sought for the infill drilling and the exploration drilling planned for Hutabargot. This will entail the provision of detailed information about the program which will need to be collected, collated and presented before permits can be issued for the work to commence.



## **Corporate Social Responsibility (CSR) Programmes**

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

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

## **Placement and Rights Issue**

On 12 February 2019 Sihayo Gold announced a placement of shares to Indonesian listed mining entity, Merdeka Copper Gold (“Merdeka”) to raise approximately \$1.8 million at a price of \$1.8 cents per share which represents a 6% premium to the current share price. Merdeka has developed and currently operates a successful Gold project at Tujuh Bukit in East Java. As a result, Merdeka has developed a core team of specialists able to execute and evaluate an exploration program efficiently and cost effectively. The Placement will be subject to shareholder approval at a meeting to be convened by the Company in the near term.

Funds raised under the Placement will be used to fund the proposed drilling at Hutabargot. It is anticipated that the Placement will be completed by July with drilling to commence immediately thereafter.

Sihayo has limited resources on the ground in Indonesia, so Merdeka Mining Services (“MMS”), a fully owned subsidiary of Merdeka, will provide logistical, operational, geological and metallurgical services to enable the drilling project to be properly planned, executed and evaluated. These services will be provided under a services agreement between MMS and Sihayo and managed by interim CEO Mr Tim Adams.

## **Rights Issue**

The Company will also undertake a pro-rata non-renounceable Rights Issue to raise approximately \$6.95 million. Eligible shareholders will be able to subscribe for one (1) new fully paid share for every four (4) ordinary shares held on the record date (to be confirmed) at a price of 1.5 cents per new share. This represents a 11.8% discount to the current share price. The Rights Issue will be fully underwritten by Provident Minerals Pte LTD, a major Sihayo shareholder. A shortfall facility will be available allowing eligible shareholders to apply for additional shares over and above their entitlements (to the extent there is a shortfall under the Rights Issue). Existing Shareholders will be given priority in the issue of shortfall shares. Each shareholder registered on the Company’s register of members on the record date (to be confirmed) will be entitled to participate in the Rights Issue. Further information regarding the Rights Issue will be announced when confirmed. Full details of the Rights Issue will be contained in a Prospectus to be despatched to eligible shareholders. Funds raised from the Rights Issue will be used to complete the optimised feasibility study and to fund working capital.

## **Other Projects**

### **India – Diamond Exploration (9-10%)**

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

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

No mining was undertaken on the project during the period.

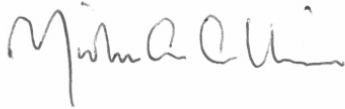
### **Mulgabbie Gold Project – Western Australia (2% net smelter royalty)**

No mining was undertaken on the project during the period.

## 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 24.

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



**Misha Collins**  
Chairman

15<sup>th</sup> March 2019

### **Competent Persons Statements**

#### *Sihayo Resource*

*Information that relates to Mineral Resource Estimates at the Sihayo project is based on information compiled by or under the supervision of Mr Tony Mcdougall, who was the Principal Geologist at PT Sorikmas Mining. Mr Mcdougall has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as an Independent Competent Person as defined in the 2012 edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves' ("CP JORC"). Mr Mcdougall is a Member of MAuslMM and was a full time employee of PT Sorikmas Mining at the time estimates were made. Mr Mcdougall consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.*

#### *Sihayo Reserve*

*Information that relates to Ore Reserves at Sihayo is based on information compiled by or under the supervision of Mr Shane McLeay, who is a Principal Mining Engineer at Entech Pty Ltd and provided to PT Sorikmas Mining. Mr McLeay has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as an Independent Competent Person as defined in the 2012 edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr McLeay is a Fellow of the Australasian Institute of Mining and Metallurgy and a full time employee of Entech Pty Ltd. Mr McLeay consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.*

### **Note**

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

**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 2018**

	Notes	31.12.2018	31.12.2017
		\$	\$
Employee expense		(351,312)	(835,091)
Directors' fees		(131,804)	(97,250)
External consultancy expenses		(111,769)	(544,948)
Travel and entertainment		(26,792)	(20,811)
Corporate secretarial expenses		(20,116)	(32,771)
Insurance expenses		(9,415)	(6,749)
Depreciation	3	(5,881)	(9,312)
Rates and taxes		(5,061)	(21,567)
Printing, postage and stationary		(2,881)	(2,677)
Finance costs		(138,515)	(12,931)
Provision for impairment of VAT		-	(47,113)
Other expenses		(41,459)	(175,730)
<b>Loss before income tax</b>		<b>(845,005)</b>	<b>(1,806,950)</b>
Income tax expense		-	-
<b>Loss after income tax</b>		<b>(845,005)</b>	<b>(1,806,950)</b>
<b>Other comprehensive income:</b>			
Items that may be classified to profit or loss:			
Exchange differences on translation of foreign operations		465,056	(19,827)
<b>Total comprehensive loss</b>		<b>(379,949)</b>	<b>(1,826,777)</b>
<b>Loss after income tax attributable to:</b>			
Member of Sihayo Gold Limited		(721,528)	(1,399,133)
Non-controlling interest		(123,477)	(407,817)
		<b>(845,005)</b>	<b>(1,806,950)</b>
<b>Total comprehensive profit/(loss) after income tax attributable to:</b>			
Member of Sihayo Gold Limited		617,327	(1,418,960)
Non-controlling interest		(997,276)	(407,817)
		<b>(379,949)</b>	<b>(1,826,777)</b>
Basic loss per share in cents		(0.04)	(0.08)

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

*\*The balance of other expenses does not agree to prior year interim submitted on ASX due to reclassification legal cost from other expenses.*

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 2018**

	Notes	31.12.2018 \$	30.06.2018 \$
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	8	257,211	116,210
Other receivables		304,365	257,696
<b>TOTAL CURRENT ASSETS</b>		<b>561,576</b>	<b>373,906</b>
<b>NON-CURRENT ASSETS</b>			
Other receivables		2,590,102	2,382,136
Other assets	10	14,173,628	13,609,718
Claims for tax refund	12	550,808	-
Property, plant and equipment		100,671	102,428
<b>TOTAL NON-CURRENT ASSETS</b>		<b>17,415,209</b>	<b>16,094,282</b>
<b>TOTAL ASSETS</b>		<b>17,976,785</b>	<b>16,468,188</b>
<b>LIABILITIES</b>			
<b>CURRENT LIABILITIES</b>			
Trade and other payables		1,499,410	2,106,603
Borrowings	11	3,985,440	1,500,000
Other liabilities		57,271	57,271
<b>TOTAL CURRENT LIABILITIES</b>		<b>5,542,121</b>	<b>3,663,874</b>
<b>NON-CURRENT LIABILITIES</b>			
Provisions		527,138	516,839
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>527,138</b>	<b>516,839</b>
<b>TOTAL LIABILITIES</b>		<b>6,069,259</b>	<b>4,180,713</b>
<b>NET ASSETS</b>		<b>11,907,526</b>	<b>12,287,475</b>
<b>EQUITY</b>			
Issued and fully paid capital	7	109,269,211	109,269,211
Reserves		16,521,959	15,183,104
Accumulated losses		(92,090,897)	(91,369,369)
Total parent entity interest		33,700,273	33,082,946
Non-controlling interest in controlled entities		(21,792,747)	(20,795,471)
<b>TOTAL EQUITY</b>		<b>11,907,526</b>	<b>12,287,475</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 2018**

	Share capital \$	Options reserve \$	FX reserve \$	Accumulated losses \$	Parent total \$	Non- controlling interest \$	Total \$
Balance at 1.7.17	107,220,628	2,380,395	10,996,708	(99,144,809)	21,452,922	(9,139,595)	12,313,327
Transfer of losses from the Group to NCI as a result of write off of exploration and evaluation expenditure and VAT at subsidiary company level	-	-	-	9,866,912	9,866,912	(9,866,912)	-
Total loss for the period	-	-	-	(1,399,133)	(1,399,133)	(407,817)	(1,806,950)
<u>Other comprehensive income:</u>							
Movement in foreign currency	-	-	(19,827)	-	(19,827)	-	(19,827)
Total comprehensive loss	-	-	(19,827)	(1,399,133)	(1,418,960)	(407,817)	(1,826,777)
Issue of shares (net of capital raising costs)	487,225	-	-	-	487,225	-	487,225
<b>Balance at 31.12.17</b>	<b>107,707,853</b>	<b>2,380,395</b>	<b>10,976,881</b>	<b>(90,677,030)</b>	<b>30,388,099</b>	<b>(19,414,324)</b>	<b>10,973,775</b>
Balance at 1.7.18	109,269,211	2,380,395	12,802,709	(91,369,369)	33,082,946	(20,795,471)	12,287,475
Total loss for the period	-	-	-	(721,528)	(721,528)	(123,477)	(845,005)
<u>Other comprehensive income:</u>							
Movement in foreign currency translation reserve	-	-	1,338,855	-	1,338,855	(873,799)	465,056
Total comprehensive income	-	-	1,338,855	(721,528)	617,327	(997,276)	(379,949)
<b>Balance at 31.12.18</b>	<b>109,269,211</b>	<b>2,380,395</b>	<b>14,141,564</b>	<b>(92,090,897)</b>	<b>33,700,273</b>	<b>(21,792,747)</b>	<b>11,907,526</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 2018**

	Notes	31.12.2018 \$	31.12.2017 \$
<b>Cash flows from operating activities</b>			
Payments to suppliers and employees		(1,795,620)	(1,258,815)
Payments of claim for tax refund		(550,808)	-
<b>Net cash (used in) operating activities</b>		<b>(2,346,428)</b>	<b>(1,258,815)</b>
<b>Cash flows from investing activities</b>			
Purchase of plant, plant and equipment		-	(16,369)
<b>Net cash (used in) investing activities</b>		<b>-</b>	<b>(16,369)</b>
<b>Cash flows from financing activities</b>			
Proceeds from borrowings		2,485,440	-
Proceeds from share issue		-	592,990
Cost of share issue		-	(5,765)
<b>Net cash provided by financing activities</b>		<b>2,485,440</b>	<b>587,225</b>
Net increase/(decrease) in cash and cash equivalents held		139,012	(687,959)
Cash and cash equivalents at the beginning of the reporting period		116,210	834,757
Effects of exchange rate changes on cash and cash equivalents		1,989	-
<b>Cash and cash equivalents at the end of the reporting period</b>	<b>8</b>	<b>257,211</b>	<b>146,798</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 2018**

**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 consolidated entity as at and for the six months ended 31 December 2018 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 2018 is available upon request from the Company's registered office at C-/ McCullough Robertson 11/66 Eagle St, Brisbane 4000 or at [www.sihayogold.com](http://www.sihayogold.com).

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

**(a) Basis of preparation**

These general purpose of interim financial statements for the half-year reporting period ended 31 December 2018 have been prepared in accordance with requirements of the Corporations Act 2001 and Australian Accounting Standard AASB 134: Interim Financial Reporting. Sihayo Group is a for-profit entity for financial reporting purposes under Australian Accounting Standards.

This interim financial report is intended to provide users with an update on the latest annual financial statements of Sihayo Gold Limited and its controlled entities (referred to as the "Consolidated Group" or "Group"). As such, it does not contain information that represents relatively insignificant changes occurring during the half-year within the Group. It is therefore recommended that this financial report be read in conjunction with the annual financial statements of the Group for the year ended 30 June 2018, together with any public announcements made during the following half-year.

These interim financial statements were authorised for issue on 15 March 2019.

**(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 which become applicable on 1 January 2018 but determined that their application to the financial statements is either not relevant or not material.

**(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.

**SIHAYO GOLD LIMITED AND CONTROLLED ENTITIES**  
**ACN 009 241 374**  
**CONDENSED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE HALF YEAR ENDED 31 DECEMBER 2018**

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

**(c) Principles of consolidation (continued)**

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 Group 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 and capital raising.

The Directors are confident that major shareholders (set out on Note 11) will provide continued support in absence of any further capital raising and, accordingly, have prepared the financial statements on a going concern basis. This is evidenced by the ASX announcement on 12 February 2019 of a non-renounceable entitlement issue to raise approximately \$6.95 million fully underwritten by Provident Minerals Pte Ltd. Additionally \$1.8 million in equity has been raised via placement, subject to shareholder approval.

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 2018. 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.

In the event that the Group is unable to obtain loans from shareholders or raise capital, and/or commencing profitable operations, the Group may not be able to meet its liabilities as and when they fall due, and the realisable value of the Group's current and non-current assets may be significantly less than book values.

**(e) Impact of standards issued but not yet applied by the entity**

AASB 16 was issued in February 2016. When applied, it will result in almost all leases being recognised on the balance sheet, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short-term and low-value leases.

The accounting for lessors will not significantly change.



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

**(e) Impact of standards issued but not yet applied by the entity (continued)**

The adoption of AASB 16 in the financial year ended 30 June 2020 is expected not to have a material impact on the financial statements and the Company has not yet quantified the impact. The estimated impact is expected to be disclosed in the 30 June 2019 annual report. The Board expects the impact to be insignificant.

The standard is mandatory for first interim periods within annual reporting periods on or after 1 January 2019. The Group does not intend to adopt the standard before its effective date.

**3. OPERATING LOSS**

	<b>31.12.2018</b>	<b>31.12.2017</b>
	\$	\$
Operating loss from ordinary activities before income tax has been determined after:		
(a) Charging as expense:		
Depreciation	5,881	9,312

**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 Group are as follows:

**Segment result by geographical region**

	<b>31.12.2018</b>	<b>31.12.2017</b>
	\$	\$
Australia	(350,942)	(183,272)
Africa	(156)	(78)
South East Asia	(493,907)	(1,623,023)
India	-	(577)
<b>Total</b>	<b>(845,005)</b>	<b>(1,806,950)</b>

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**4. SEGMENT INFORMATION (CONTINUED)**

**Assets by geographical region**

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

	<b>31.12.2018</b>	<b>30.06.2018</b>
	\$	\$
Australia	329,878	200,840
Africa	21,181	21,337
South East Asia	17,625,724	16,246,009
India	2	2
<b>Total assets</b>	<b><u>17,976,785</u></b>	<b><u>16,468,188</u></b>

**Liabilities by geographical region**

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

	<b>31.12.2018</b>	<b>30.06.2018</b>
	\$	\$
Australia	(4,648,639)	(1,995,842)
Africa	-	-
South East Asia	(1,420,620)	(2,184,871)
India	-	-
<b>Total liabilities</b>	<b><u>(6,069,259)</u></b>	<b><u>(4,180,713)</u></b>
<b>Net assets</b>	<b><u>11,907,526</u></b>	<b><u>12,287,475</u></b>

**5. SUBSEQUENT EVENTS**

The Company announced on 12 February 2019 for a placement of shares to Indonesian listed mining entity, PT Merdeka Copper Gold, Tbk. to raise approximately US\$1.5 million. The placement will be subject to shareholder approval at a meeting to be convened by the Company in the near term.

The Company also announced for the undertake a pro-rata non-renounceable right issue to raise approximately \$6.95 million.

**6. CONTINGENCIES & COMMITMENTS**

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

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**7. ISSUED CAPITAL**

	<b>31.12.2018</b>	<b>30.06.2018</b>
	\$	\$
<b>Ordinary shares</b>		
Issued and fully paid capital	109,269,211	109,269,211
	<u>109,269,211</u>	<u>109,269,211</u>

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

		<b>No. of shares</b>	<b>\$</b>
1 July 2018	Opening balance	1,854,262,526	109,269,211
	Shares issued	<u>-</u>	<u>-</u>
		1,854,262,526	109,269,211
	Less:		
	Share issue costs	<u>-</u>	<u>-</u>
	<b>Balance as at 31 December 2018</b>	<u><b>1,854,262,526</b></u>	<u><b>109,269,211</b></u>

**Options**

As at 31 December 2018, the Company had no unlisted options.

**8. RECONCILIATION OF CASH**

	<b>31.12.2018</b>	<b>30.06.2018</b>
	\$	\$
Cash and cash equivalents	<u>257,211</u>	<u>116,210</u>

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**9. RELATED PARTIES**

**Directors and directors-related entities**

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

**Wholly-owned Group**

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

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

Transactions between Sihayo Gold Limited and related parties in the Group during the period ended 31 December 2018 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 \$5,634,241 in its accounts for the period ended 31 December 2018 in relation to the loans made to its subsidiaries. No other amounts were included in the determination of operating loss before tax of the parent entity that resulted from transactions with related parties in the Group.

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

	<b>31.12.2018</b>	<b>30.06.2018</b>
	\$	\$
Non-current receivables	105,689,138	100,054,897
Provision for doubtful debts	<u>(105,689,138)</u>	<u>(100,054,897)</u>
	<u>-</u>	<u>-</u>

**Other related parties**

All working capital loans of Sihayo Gold Limited are given by its shareholders, therefore it is classified as related parties transaction. The details of shareholder is set out in Note 11.

**10. OTHER ASSETS**

	<b>31.12.2018</b>	<b>30.06.2018</b>
	\$	\$
Capitalised exploration and evaluation expenditure	14,173,458	13,609,555
Deposits	<u>170</u>	<u>163</u>
	<u><b>14,173,628</b></u>	<u><b>13,609,718</b></u>

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**10. OTHER ASSETS (CONTINUED)**

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

	<b>31.12.2018</b>	<b>30.06.2018</b>
	<b>\$</b>	<b>\$</b>
Opening balance	13,609,555	12,872,178
(Deduction)/additions during the period	(17,056)	1,865,095
Change arising from foreign currency movement	563,903	737,377
Provision for impairment	17,056	(1,865,095)
<b>Closing balance</b>	<b><u>14,173,458</u></b>	<b><u>13,609,555</u></b>

Management believes that the carrying amount of the Group's capitalized expenditure and evaluation costs is adequate to recoverable.

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

**11. BORROWINGS**

	<b>31.12.2018</b>	<b>30.06.2018</b>
	<b>\$</b>	<b>\$</b>
Working capital loan:		
Provident Minerals Pte Ltd.	2,371,462	1,050,000
Asian Metal Mining Developments Limited	853,828	450,000
PT Saratoga Investama Sedaya, Tbk.	462,330	-
Goldstar Mining Asia Resources (L) Berhad	297,820	-
	<b><u>3,985,440</u></b>	<b><u>1,500,000</u></b>

All working capital loans are charged by interest rate of 10%, classified as unsecured loan. Lenders are not entitled to demand repayment of outstanding loan in any circumstances before the final maturity date or any other date mutually agreed between the parties, except there is event of defaults occurred.

The date mutually agreed between the parties for repayment loans on 31 December 2019.

**12. CLAIMS FOR TAX REFUND**

In the prior year, the Group's Indonesian subsidiary, PT Sorikmas Mining has a tax assessment which as per 30 June 2018 Annual Report Note 15 was disclosed as a contingent liability. During the period ended 31 December 2018, the Company paid \$550,808 to the Indonesian Tax Authorities and have subsequently lodged a tax appeal.

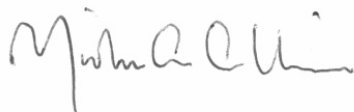
**SIHAYO GOLD LIMITED AND CONTROLLED ENTITIES**  
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**DIRECTORS' DECLARATION**

The directors declare that:

1. The consolidated financial statements and notes set out on pages 11-21;
  - (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 Group's financial position as at 31 December 2018 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 15<sup>th</sup> day of March 2019.



**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 2018, 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 2018 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 2019.

*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 2018 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standards AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*.

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


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

- i) As noted in note 2(d), at 31 December 2018, the consolidated entity had net assets of \$11,907,526 and cash and cash equivalents of \$257,211. The consolidated entity had incurred a loss for the period ended 31 December 2018 of \$845,005.

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

- ii) The consolidated entity had capitalised exploration and evaluation expenditure of \$14,173,458 as at 31 December 2018. The recoverability of the consolidated entity's carrying value of capitalised mining exploration and evaluation expenditure is dependent on the successful commercial exploitation of the assets and/or sale of the assets to generate sufficient funds to at least that of their carrying values. In the event that the consolidated entity is not successful in commercial exploitation and/or sale of the assets, the realisable value of the consolidated entity's assets may be significantly less than their current carrying values.

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

*Stantons International Audit and Consulting Pty Ltd*  


**Samir Tirodkar**  
**Director**  
West Perth, Western Australia  
15 March 2019



15 March 2019

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 2018, 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