



SIHAYO GOLD LIMITED

ACN 009 241 374

**HALF YEAR FINANCIAL REPORT
31 DECEMBER 2022**

**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 2022

Your Directors present their report on the consolidated entity consisting of Sihayo Gold Limited ("Sihayo Gold" or "the Company") (ASX: SIH) and the entities it controlled at the end of, or during the half-year ended 31 December 2022.

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

Directors

Colin F Moorhead
Misha A Collins CFA
Gavin Caudle
Daryl Corp

Chief Financial Officer

Roderick Crowther CFA

Company Secretary

Susan Park

RESULT

The net operating loss for the half-year ended 31 December 2022 was \$6,653,255 and for the half-year ended 31 December 2021 the loss was \$22,536,056.

REVIEW OF OPERATIONS

During the half year ended 31 December 2022, the Company continued to focus on activities at the Sihayo-Pungkut 7th Generation Contract of Work ("CoW"), which it holds through its 75% interest in PT Sorikmas Mining ("Sorikmas") (together the "Group"). The Company has delivered value enhancing initiatives for the most advanced project on the CoW, the Sihayo Starter Project ("the Project"), as well as pursuing a pipeline of exploration targets across the CoW.

Sihayo Starter Project

Following the completion of the Feasibility Study Update in February 2022 ("2022 FSU"), Sihayo has embarked on activities aimed at increasing the value of the Sihayo Starter Project. Metallurgical test work conducted during the 2022 FSU identified the opportunity to improve the overall metallurgical recoveries on the fresh and transition ore types within the Sihayo deposit by introducing a High pH Leaching step prior to carbon-in-leach ("CIL") gold extraction.

An extensive metallurgical test work program incorporating 72 transition and fresh samples was undertaken to assess the High pH Leaching opportunity. The results of this test work were previously outlined in the ASX announcements "*Further Metallurgical Test Work Results*" dated 23 September 2021, "*Significant Results from High pH Leaching Test Work*" dated 31 January 2022, and "*High pH Pre-Leaching Test Work Demonstrates Potential for Significant Uplift in Recoveries*" dated 5 July 2022. Results from the High-pH Leaching CIL test work indicated the potential to increase overall metallurgical recoveries for the Sihayo Starter Project from 71.2% (as assumed in the 2022 FSU) to approximately 80 – 85%.

Following the completion of the test work, Sihayo updated the metallurgical recovery function employed in the geological model underpinning the production forecast for the Project. The updated metallurgical recovery function is now being used to update pit optimisations, the Ore Reserve estimate and ultimately the economic analysis for the Project. Sihayo expects to release an updated Ore Reserve estimate and addendum to the 2022 FSU during the March 2023 quarter or early in the June 2023 quarter.

An increase in metallurgical recoveries has the potential to significantly transform the Sihayo Starter Project. Higher recoveries not only result in higher gold production from existing Ore Reserves, but also has the potential to unlock additional known and yet to be defined high-grade mineralisation located beneath the Sihayo pit. This mineralisation is not included in the current Ore Reserve estimate due to the low recoveries previously assumed.

Sihayo subsequently completed a seven-hole, 2,216 m drilling program targeting mineralisation beneath the intended Sihayo pit. The results from this program, as disclosed in the ASX announcement "*High-Grade Gold Intercepts from Latest Drilling Program at Sihayo*" on 25 October 2022, were highly encouraging and confirmed the grade and thickness of some of the deeper mineralisation in the geological model and has indicated extensions to the known high-grade gold zones. A follow-up drilling program has commenced as well as a study assessing the potential for an underground mining operation at Sihayo.

Exploration

Sihayo's exploration strategy is currently focused on the following areas:

- Sihayo-1 and near mine – Testing exploration targets beneath the proposed pit or within trucking distance of the current proposed processing plant to incrementally improve the economics of the Sihayo Starter Project.
- Hutabargot Julu – Initial reconnaissance drilling program targeting a new and possibly transformational epithermal gold discovery followed by targeted drilling programs.
- Regional – Generation of a pipeline of precious and base metal targets across the CoW for future exploration evaluations.

Sihayo

The Company believes that there is potential to add value to the existing Sihayo Starter Project through the discovery of additional gold resources within trucking distance of the Sihayo-1 and Sambung sedimentary rock hosted disseminated gold deposits. The prime exploration targets (Sihayo-2, -3, -4, -5, Bandar Lasiak, and Dolok) are immediately surrounding or along strike from Sihayo-1 and Sambung, and occur within two sub-parallel mineralised trends identified from interrogation of the Company's regional exploration datasets. These two mineralised trends define the Sihayo gold belt (Figure 1).

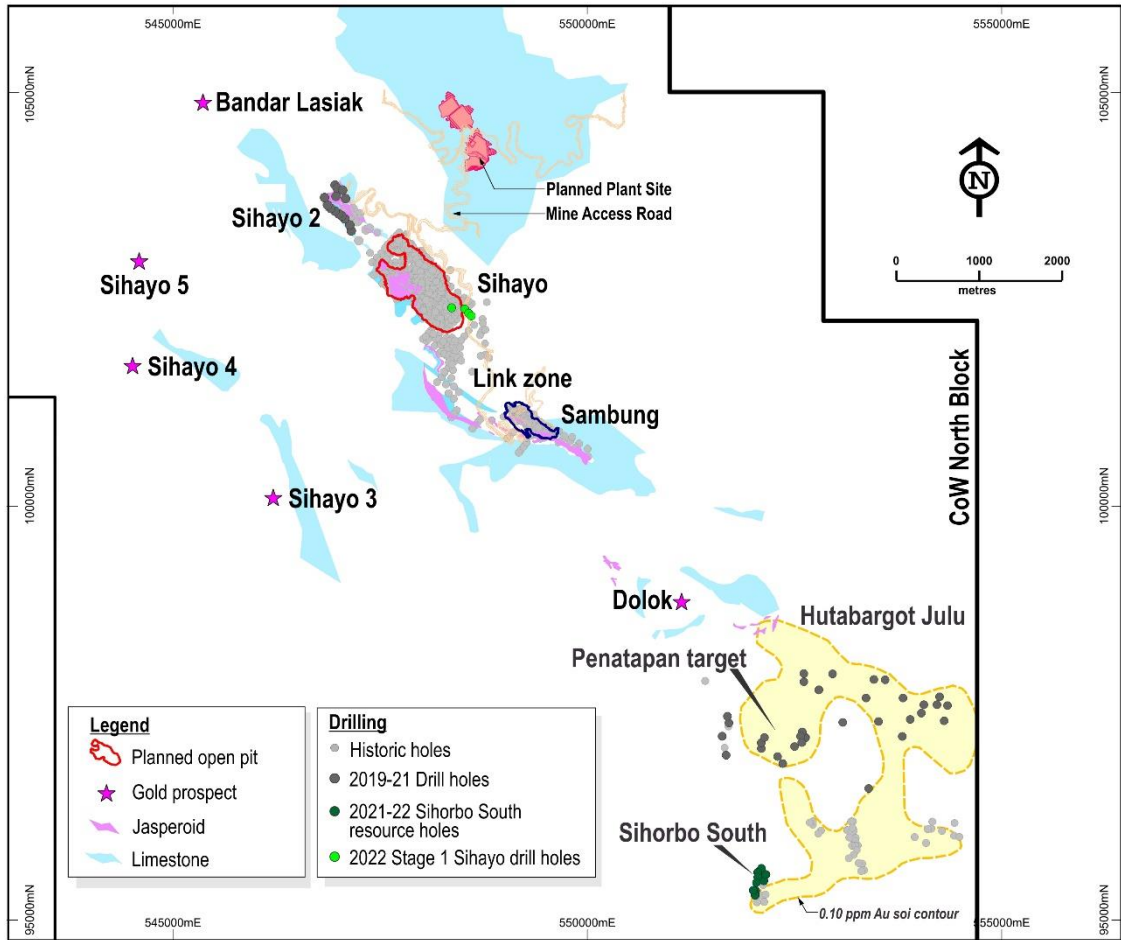


Figure 1: Sihayo and Hutabargot Julu projects location plan showing drill hole locations

Due to the potential impact of significant gold recovery uplifts from caustic pre-leach cyanidation test work on the fresh sulphide refractory mineralisation at Sihayo-1, the Company's focus over the past six months has been on testing for extensions to known deeper high grade gold mineralisation located below and south of the planned Sihayo-1 starter pit shell. An initial seven hole 2,216 m diamond drilling program was completed (Figure 2) and produced encouraging gold intercepts (refer to the ASX:SIH announcement "*High-grade gold intercepts from latest drilling program at Sihayo*" dated 25 October 2022). These deeper mineralised zones fall within the Inferred Mineral Resource category and are not included in the current Ore Reserve estimate. A second stage drilling program is in progress with the aim of expanding and upgrading the category of these below-pit resources, and to assess the potential for an underground mining opportunity.

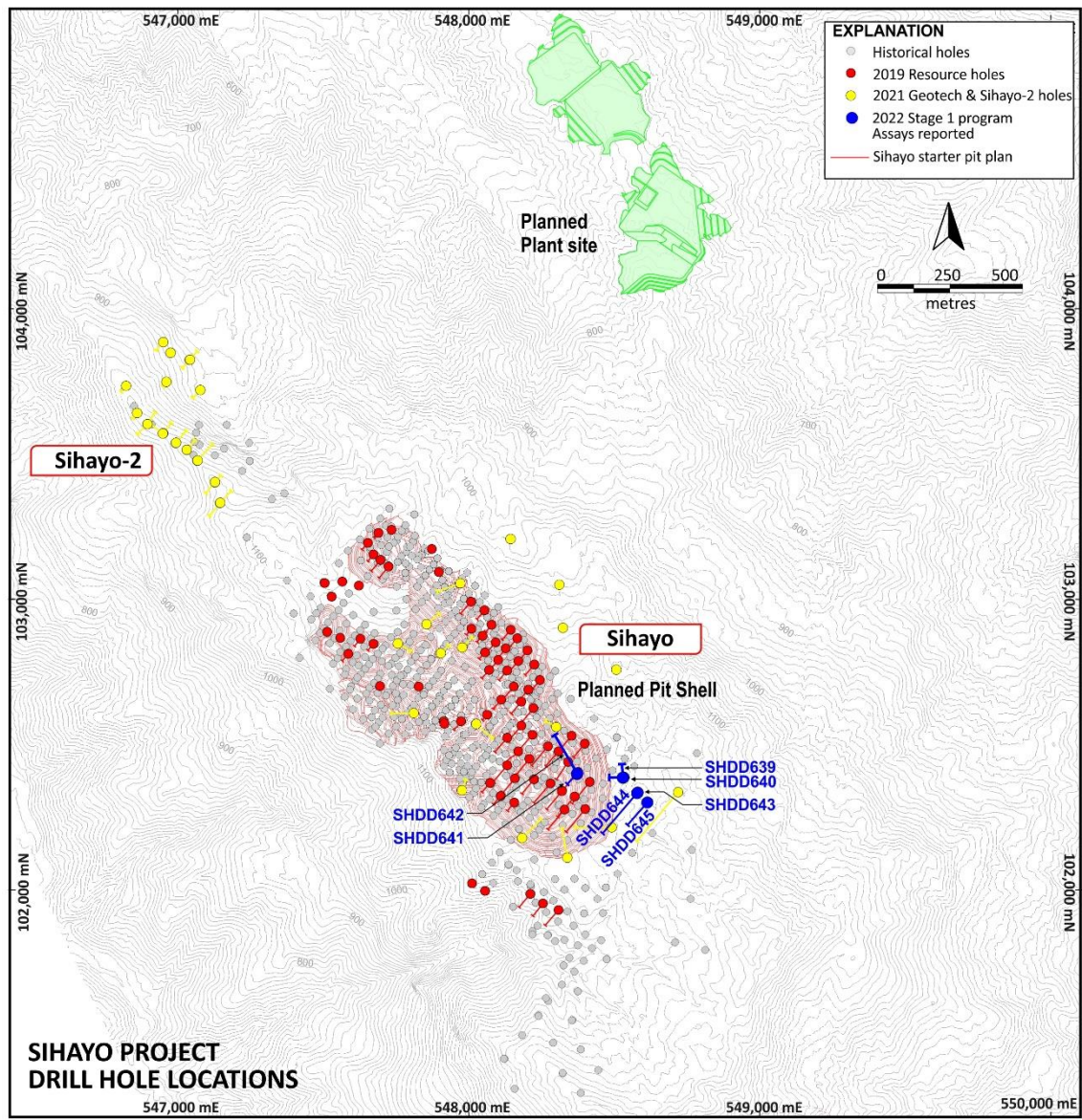


Figure 2: Sihayo-1 planned starter-pit location showing drill hole locations

The Company completed several drilling campaigns on multiple targets defined on the Hutabargot Julu Project over the period 2020 to 2022. The initial program, which commenced in 2020, was a reconnaissance drilling program across the prospect. Several epithermal gold-silver vein targets were identified and subsequently drilled, including Penatapan, Sihorbo and Sihorbo South.

A maiden Inferred Mineral Resource was reported on Sihorbo South in September 2022 (refer to ASX:SIH announcement “*Sihorbo South Maiden Mineral Resource – Update*” on 7 September 2022). Table 1 below shows a summary of the Mineral Resource estimate for Sihorbo South.

Table 1: Sihorbo South Prospect – Maiden Inferred Mineral Resource Estimate
as at 31 July 2022

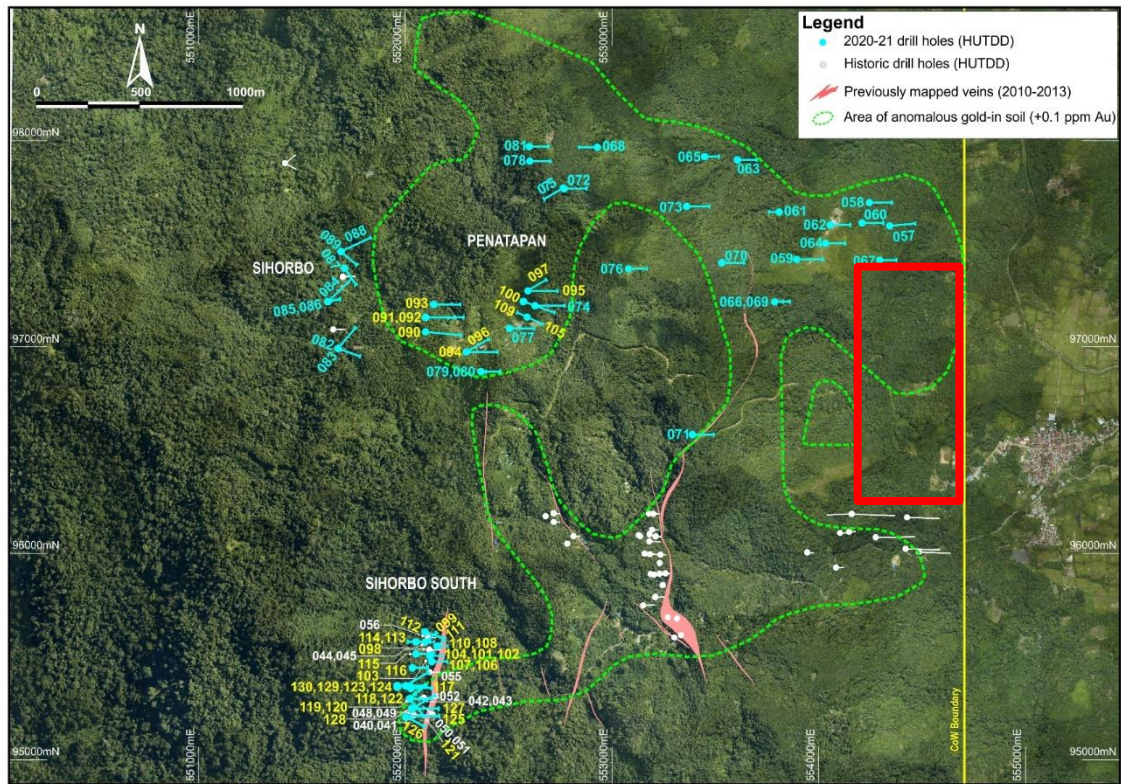
Cut-Off Grade AuEq g/t	Dry tonnes (million)	Au grade g/t	Ag grade g/t	AuEq grade g/t	Au ounces (thousands)	Ag ounces (thousands)	AuEq ¹ ounces (thousands)
0.3	6.4	0.5	17	0.7	100	3,600	150
0.7	2.0	0.8	33	1.3	56	2,200	85
0.9	1.0	1.1	48	1.8	38	1,600	59

Notes: 1. Figures may not sum due to rounding. 2. Significant figures do not imply an added level of precision. 3. See Footnote 1 for an explanation of the Gold-Equivalent (AuEq).

The Company is investigating the potential to include Sihorbo South as a satellite operation for the Sihayo Starter Project. Additional drilling is required to upgrade the resource classification on Sihorbo South and the Company is investigating follow-up drilling programs. Mineralisation at Sihorbo South is open along strike and at depth, indicating potential to expand the current Resource. Significant potential also remains for additional gold-silver resources in adjacent vein targets located within the 3.5 km x 3 km Hutabargot Julu project area.

Surface mapping and soil sampling were completed during the half year to 31 December 2022 over the Galugur-Panas epithermal vein target located on the eastern side of the Hutabargot Julu vein field with the aim of generating additional drilling targets (Figure 3). This work is focusing on potential strike extensions to this historic vein target that was investigated by the Dutch in the 1930s and subsequently tested with scout diamond drilling by the Company in 2012. A total of 789 m in three holes was completed in 2012 which returned a best mineralised intercept of 5.9 m at 4.12 g/t Au and 6 g/t Ag from 54.3 m down-hole depth in hole HUTDD026 (refer to SIH:ASX announcement titled “Hutabargot Julu delivers its Maiden Mineral Resource with Sihorbo South – UPDATED” on 7 September 2022; Appendix 1 JORC Code – 2012 Edition, Table 1 – Section 2 Historic Exploration Data). The Galugur-Panas vein target is open along strike to the north and south, and at depth, and is considered to have potential for a shallow gold-silver resource beneath an extensive gold-arsenic anomaly highlighted by historic soil sampling, and which has only been partly tested by previous drilling.

¹ Gold-equivalent (AuEq) is based on the formula $AuEq (g/t) = Au g/t + (Ag g/t / 75)$. The AuEq formula assumes gold and silver prices of US\$1,840/oz Au and US\$24.6/oz Ag, averaged over the past two years, and similar recoveries for gold and silver based on historic LeachWELL results. See ASX announcement on 7 September 2022 for full details.



Regional Target Generation

A greenfields discovery program to assess the potential for sediment-hosted disseminated gold, epithermal gold-silver veins and porphyry-related gold-base metal deposits in the broader CoW was initiated in H2 2020 (Figure 4). Encouraging gold, silver and base metal results from initial prospecting and surface rock sampling at Tambang Ubi, Tambang Tinggi and surrounding prospects within the northeast corner on the South Block of the CoW were released in the December 2021 and March 2022 quarters. Prospecting and sampling continued over the Tambang Ubi high-grade gold-copper skarn target located in the NE corner of the CoW south block. Soil geochemical sampling is in progress over this target with the aim of advancing it toward scout drill testing.

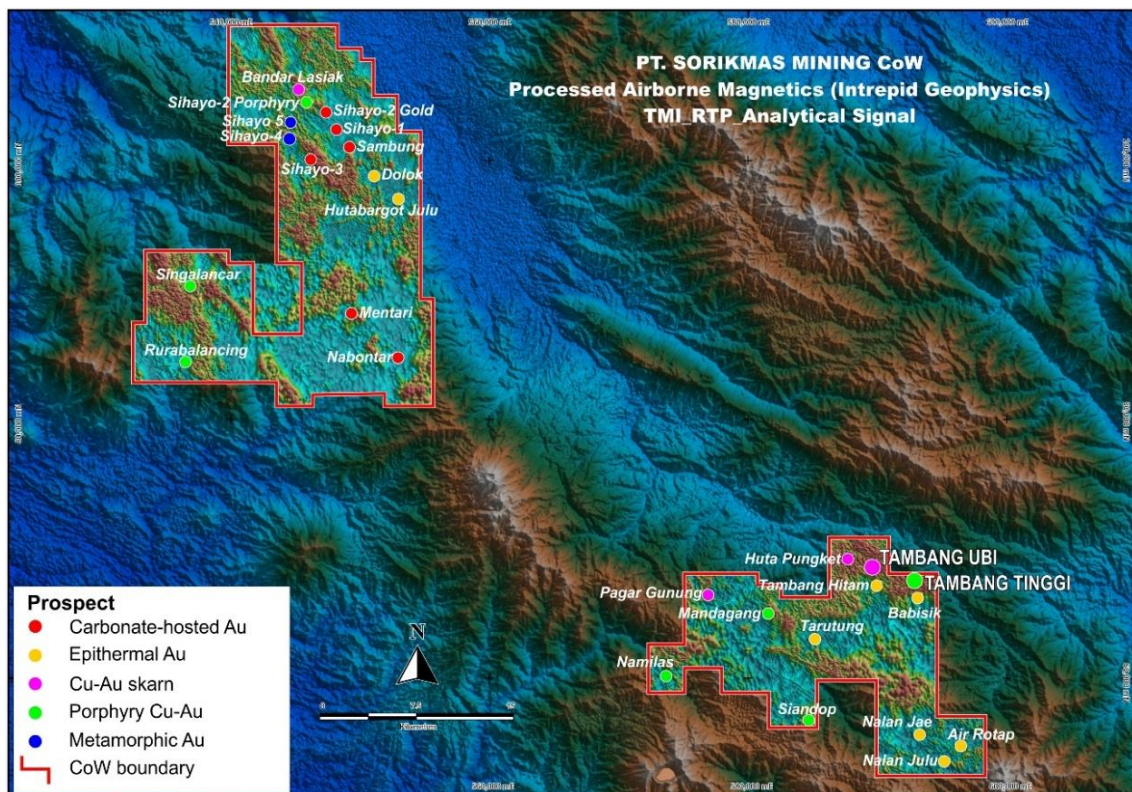


Figure 4: PT Sorikmas Mining CoW showing major prospects including Tambang Ubi

Corporate

As at 31 December 2022, Sihayo had approximately \$512,990 cash on hand, including cash held in deposits. On 21 February 2023 the Company secured an additional US\$1.5 million loan from its largest shareholder, Provident Minerals Pte Ltd. This additional funding will be used by the Company to complete study work incorporating the benefits of the high pH leaching into the design of the Project as well as exploration beneath the proposed Sihayo-1 pit shell and accompanying studies on the potential for underground mining. The Company continues to assess options for further short-term as well as long-term financing.

Other Projects

- India – Diamond Exploration (9-10%)
No progress was made during the year 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 year.
- Mulgabbie Gold Project – Western Australia (2% net smelter royalty)
No mining was undertaken on the project during the year.

Competent Persons Statements

Mineral Resources Estimate

The information in this report which relates to Mineral Resources is based on, and fairly represents, information and supporting documentation compiled by Mr Robert Spiers (BSc Hons.) for Spiers Geological Consultants (SGC, Pty. Ltd.). Mr Spiers is the principal Consultant and Director of SGC.

Mr Spiers is a member of the Australian Institute of Geoscientists (AIG ID: 3027) and has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the “Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves”.

Mr Spiers consents to the inclusion in the report of the matters based on this information in the form and context in which it appears. Mr Spiers holds 1,668,908 shares in the Company. These were purchased in accordance with SIH’s Securities Trading Policy (ASX Guidance Note 27 Trading Policies). The aforementioned shareholding does not constitute a material holding in the Company.

Exploration results

The information in this report which relates to Exploration Results is based on, and fairly represents, information compiled by Mr Bradley Wake (BSc Hons. (Applied Geology)), who is a contract employee of the Company. Mr Wake does not hold any shares in the company, either directly or indirectly.

Mr Wake is a member of the Australian Institute of Geoscientists (AIG ID: 3339) and has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the “Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves”.

Mr Wake consents to the inclusion in the report of the matters based on this 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**

**DIRECTORS' REPORT
FOR THE HALF YEAR ENDED 31 DECEMBER 2022**

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 27.

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



Colin Moorhead
Chairman

10th March 2023

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 2022

	Notes	31.12.2022 \$	31.12.2021 \$
Provision for other receivable	9	(5,198,720)	-
Employee expense		(475,846)	(419,108)
Permit and licenses		(359,436)	(322,235)
External consultancy expenses		(295,544)	(460,717)
Directors' fees		(213,399)	(210,245)
Corporate secretarial expenses		(30,854)	(39,462)
Insurance expenses		(31,688)	(27,965)
Business travel		(23,700)	(22,071)
Indirect taxes and penalties		-	(11,017)
Depreciation	3,12	(7,689)	(9,040)
Rental expense		(995)	(2,229)
Finance costs – net		(37,517)	(4,964)
Impairment of exploration and evaluation expenditure		-	(20,500,000)
Foreign exchange loss		116,249	(378,903)
Other expenses		(94,116)	(128,100)
Loss before tax		(6,653,255)	(22,536,056)
Income tax expense		-	-
Net loss		(6,653,255)	(22,536,056)
Other comprehensive loss:			
Items that may be classified to profit or loss:			
Exchange differences on translation of foreign operations		786,559	1,817,448
Total comprehensive loss		(5,866,696)	(20,718,608)
Loss after tax attributable to:			
Member of Sihayo Gold Limited		(6,772,195)	(22,749,851)
Non-controlling interest		118,940	213,795
		(6,653,255)	(22,536,056)
Total comprehensive loss attributable to:			
Member of Sihayo Gold Limited		(4,992,472)	(20,136,841)
Non-controlling interest		(874,224)	(581,767)
		(5,866,696)	(20,718,608)
Basic loss per share in cents	14	(0.11)	(0.62)

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 2022

	Notes	31.12.2022 \$	30.06.2022 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	8	512,990	2,441,467
Trade and other receivables	9	77,574	445,952
TOTAL CURRENT ASSETS		590,564	2,887,419
NON-CURRENT ASSETS			
Trade and other receivables	9	-	4,949,860
Deposit		418,420	446,580
Capitalised exploration and evaluation expenditure	11	9,324,020	5,528,100
Property, plant and equipment		3,930,762	3,903,900
Right-of-use asset		-	7,444
TOTAL NON-CURRENT ASSETS		13,673,202	14,835,884
TOTAL ASSETS		14,263,766	17,723,303
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables		1,731,566	1,515,467
Provision for mining rehabilitation	15	158,538	191,637
Lease liability - current		-	3,531
Working Capital Loan	13	2,214,022	-
Other liabilities		57,225	57,225
TOTAL CURRENT LIABILITIES		4,161,351	1,767,860
NON-CURRENT LIABILITIES			
Provisions	16	765,300	746,701
Lease liability - non current		-	4,931
TOTAL NON-CURRENT LIABILITIES		765,300	751,632
TOTAL LIABILITIES		4,926,651	2,519,492
NET ASSETS		9,337,115	15,203,811
EQUITY			
Issued and fully paid-up capital	6	158,654,770	158,654,770
Reserves	7	21,594,187	19,814,464
Accumulated losses		(146,822,046)	(140,049,851)
Total parent entity interest		33,426,911	38,419,383
Non-controlling interest in controlled entities		(24,089,796)	(23,215,572)
TOTAL EQUITY		9,337,115	15,203,811

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 2022

	Share capital \$	Other reserve \$	FX reserve \$	Accumulated losses \$	Parent total \$	Non- controlling interest \$	Total \$
Balance at 1.7.21	149,083,183	2,680,298	10,753,251	(98,098,358)	64,418,374	(21,595,227)	42,823,147
Total loss for the period	-	-	-	(22,749,851)	(22,749,851)	213,795	(22,536,056)
<u>Other comprehensive (loss)/income:</u>							
Movement in foreign currency translation reserve	-	(25,086)	2,638,096	-	2,613,010	(795,562)	1,817,448
Balance at 31.12.21	149,083,183	2,655,212	13,391,347	(120,848,209)	44,281,533	(22,176,994)	22,104,539
Balance at 1.7.22	158,654,770	2,677,259	17,137,205	(140,049,851)	38,419,383	(23,215,572)	15,203,811
Total loss for the period	-	-	-	(6,772,195)	(6,772,195)	118,940	(6,653,255)
<u>Other comprehensive (loss)/income:</u>							
Movement in foreign currency translation reserve	-	(128,694)	1,908,417	-	1,779,723	(993,164)	786,559
Balance at 31.12.22	158,654,770	2,548,565	19,045,622	(146,822,046)	33,426,911	(24,089,796)	9,337,115

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 2022

	Notes	31.12.2022 \$	31.12.2021 \$
Cash flows from operating activities			
Payment to suppliers and employees		(1,447,930)	(2,285,127)
Net cash used in operating activities		(1,447,930)	(2,285,127)
Cash flows from investing activities			
Proceeds from sale on property, plant and equipment		12,053	13,833
Payment for addition of mineral exploration and evaluation expenditure		(2,798,417)	(6,445,232)
Payment for addition of property, plant and equipment		-	(661,890)
Net cash used in investing activities		(2,786,364)	(7,093,289)
Cash flows from financing activities			
Proceeds from borrowings	13	2,214,022	1,653,804
Payment of lease liabilities		(1,764)	(1,965)
Net cash provided by financing activities		2,212,258	1,651,839
Net decrease in cash and cash equivalents		(2,022,036)	(7,726,577)
Cash and cash equivalents at the beginning of the reporting period		2,441,447	8,333,814
Effects of exchange rate changes on cash and cash equivalents		93,579	(13,392)
Cash and cash equivalents at the end of the reporting period	8	<u>512,990</u>	<u>593,845</u>

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 2022

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 2022 comprises the Company and its subsidiaries, together referred to as the "Group".

The consolidated half year financial statements of the Group as at and for the six months ended 31 December 2022 is available upon request from the Company's registered office at Suite 1, 245 Bay Street, Brighton VIC 3186 or at 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 2022 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 statements is intended to provide users with an update on the latest annual financial statements of the Company 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 2022, together with any public announcements made during the following half year.

These interim financial statements were authorised for issue on 10th March 2023.

(b) Accounting policies

The same accounting policies and methods of computation have been followed in this interim financial statements as were applied in the most recent annual financial statements, except for those as described in Note 2(e).

(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 2022

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 comprehensive income.

(d) Going concern

The financial statements have been prepared on a going concern basis which the Directors believe to be appropriate. The Directors are confident that the Group will be able to maintain sufficient levels of working capital to continue as a going concern and continue to pay its debts as and when they fall due.

For the half year ended 31 December 2022, the Group incurred a loss before income tax of \$6,653,255 (2021: loss of \$22,536,056) and has a working capital deficit of \$3,570,787 (2021 surplus: \$1,119,559). The Group has cash and cash equivalents of \$512,990 (2021: \$2,441,467) and current liabilities of \$4,161,351 (2021: \$1,767,860).

The financial statements has been prepared on a going concern basis, which contemplates continuity of normal business activities and realisation of assets and settlement of liabilities in the ordinary course of business.

The Group's ability to continue as a going concern is dependent upon it maintaining sufficient funds for its operations and commitments. The Directors continue to be focused on meeting the Group's business objectives and is mindful of the funding requirements to meet these objectives. The Directors consider the basis of going concern to be appropriate for the following reasons:

- The current cash of the Group relative to its fixed and discretionary commitments;
- The contingent nature of certain of the Group's project expenditure commitments;
- The ability of the Group to terminate certain agreements without any further on-going obligation beyond what has accrued up to the date of termination;
- The underlying prospects for the Group to raise funds from the capital markets and major shareholders (including shareholder loans); and
- The fact that future exploration and evaluation expenditure are generally discretionary in nature (i.e., At the discretion of the Directors having regard to an assessment of the progress of works undertaken to date and the prospects for the same). Subject to meeting certain expenditure commitments, further exploration activities may be slowed or suspended as part of the management of the Group's working capital.

SIHAYO GOLD LIMITED AND CONTROLLED ENTITIES
ACN 009 241 374
CONDENSED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2022

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES (CONTINUED)

(d) Going concern (continued)

The Directors are confident that the Group can continue as a going concern and as such are of the opinion that the financial report has been appropriately prepared on a going concern basis.

Should the Group be unable to undertake the initiatives disclosed above, there is uncertainty which may cast doubt as to whether or not the Group will be able to continue as a going concern and whether it will realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial statements.

The financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts nor to the amounts and classification of liabilities that might be necessary should the Group not continue as a going concern.

(e) New and amended standards adopted by the Group

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.

(f) Exploration and evaluation expenditure

Exploration, evaluation, and development expenditure incurred is accumulated in respect of each identifiable area of interest. These costs are only carried forward to the extent that they are expected to be recouped through the successful development of the area or where activities in the areas have not yet reached a stage that permits reasonable assessment of the existence of economically recoverable reserves.

Accumulated costs in relation to an abandoned area are written off in full against profit in the year in which the decision to abandon the area is made.

When production commences, the accumulated costs for the relevant area of interest are amortised over the life of the area according to the rate of depletion of the economically recoverable reserves.

A regular review is undertaken of each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest.

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3. OPERATING LOSS

	31.12.2022	31.12.2021
	\$	\$
Operating loss from ordinary activities before income tax has been determined after:		
(a) Charging as expense:		
Depreciation	7,689	9,040

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

	31.12.2022	31.12.2021
	\$	\$
South East Asia	(4,722,960)	(21,804,968)
Australia	(1,930,005)	(730,812)
India	(290)	(276)
Total	(6,653,255)	(22,536,056)

Assets by geographical region

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

	31.12.2022	30.06.2022
	\$	\$
South East Asia	14,022,555	16,271,762
Australia	241,209	1,451,539
India	2	2
Total assets	14,263,766	17,723,303

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4. SEGMENT INFORMATION (CONTINUED)

Liabilities by geographical region

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

	31.12.2022	30.06.2022
	\$	\$
South East Asia	(1,648,662)	(1,448,617)
Australia	(3,277,989)	(1,070,875)
Total liabilities	(4,926,651)	(2,519,492)
Net assets	9,337,115	15,203,811

5. COMMITMENTS

- a. Based on the decision letter No. 191/37.06/DJB/2020 dated 5 February 2020, the Minister of Energy and Mineral Resources has stipulated the Sihayo mine reclamation guarantee required to be placed by Sorikmas for the years 2020-2024 amounts to IDR 39,948,496,132. As at 31 December 2022, Sorikmas had placed a total restricted deposit for the reclamation guarantee amounting to IDR 3,994,849,613. The restricted deposit earns an interest rate of 3.5% per annum. The remaining reclamation guarantee is outstanding.
- b. Based on the letter No. 4272/Menlhk-PDASHL/KTA/DAS.1/7/2020, the Ministry of Environment and Forestry has stipulated that Sorikmas must rehabilitate watershed areas totalling 533 hectares. As at 31 December 2022, Sorikmas has rehabilitated an area of 10 hectares.

6. ISSUED AND FULLY PAID-UP CAPITAL

Ordinary shares

	31.12.2022	30.06.2022
	\$	\$
Issued and fully paid-up capital (6,102,128,090 shares in issue)	158,654,770	158,654,770

There is no movements in ordinary share capital of the Company during the past six months.

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7. RESERVES AND ACCUMULATED LOSSES

	<u>Note</u>	<u>31.12.2022</u> \$	<u>30.06.2022</u> \$
Option reserve	(i)	2,380,395	2,380,395
Foreign currency translation reserve	(ii)	19,045,622	17,137,205
Other reserve	(iii)	168,170	296,864
		21,594,187	19,814,464
		<u>31.12.2022</u> \$	<u>30.06.2022</u> \$
(i) Option reserve			
Balance at the beginning of the period		2,380,395	2,551,873
Movement for the period		-	(171,478)
Balance at the end of the period		2,380,395	2,380,395
		<u>31.12.2022</u> \$	<u>30.06.2022</u> \$
(ii) Foreign currency reserve			
Balance at the beginning of the period		17,137,205	10,753,251
Movement for the period		1,908,417	6,383,954
Balance at the end of the period		19,045,622	17,137,205
(iii) Other reserve			
Other reserve related to movement in actuarial loss on defined pension benefit scheme in Indonesia.			

8. RECONCILIATION OF CASH

	<u>31.12.2022</u> \$	<u>30.06.2022</u> \$
Cash and cash equivalents	512,990	2,441,467

9. TRADE AND OTHER RECEIVABLES

	<u>31.12.2022</u> \$	<u>30.06.2022</u> \$
CURRENT		
Prepayments	77,574	445,952
	77,574	445,952
NON CURRENT		
Other Receivable	-	4,949,860
	-	4,949,860

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9. TRADE AND OTHER RECEIVABLES (CONTINUED)

During the six months to 31 December 2022, the VAT receivable increased to \$5,198,720. The value of the VAT receivable has increased over time. Sihayo Gold management believe it prudent to make a provision for impairment in the case that the VAT refund is not received in the future. Management will continue to reassess the VAT receivable and may reverse this provision if deemed appropriate.

10. RELATED PARTIES

Directors and directors-related entities

Disclosures relating to Directors and specified executives is set out in the Directors' Report.

Wholly-owned Group

The Wholly-owned Group consists of Sihayo Gold Limited and its wholly-owned subsidiaries Excelsior Resources Pty Limited, Oropa Indian Resources Pty Limited.

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 the Company and related parties in the Group during the half year ended 31 December 2022 consist of loans on an interest free basis with no fixed term and no specific repayment arrangement. The Company made an additional provision for doubtful debts of \$4,586,500 in its accounts for the half year ended 31 December 2022 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:

	31.12.2022	30.06.2022
	\$	\$
Non-current receivables	149,556,988	144,970,487
Provision for doubtful debts	<u>(149,556,988)</u>	<u>(144,970,487)</u>
	<u>-</u>	<u>-</u>

Other related parties

The Company's working capital loans are provided by its shareholders and are therefore classified as related party transactions. The details are set out in Note 12.

The Group has related party transaction with PT Merdeka Copper Gold, Tbk ("Merdeka") related to data processing services provided by Merdeka to the Group. As of 31 December 2022, the Group has outstanding \$55,184 in trade and other payable account for related party transaction with Merdeka.

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11. CAPITALISED EXPLORATION AND EVALUATION EXPENDITURE

	31.12.2022	30.06.2022
	<u>\$</u>	<u>\$</u>
Opening balance	5,528,100	30,072,957
Additions during the period	3,068,056	10,569,224
Change arising from foreign currency movement	727,864	2,758,340
Impairment	-	(37,872,421)
Closing balance	<u>9,324,020</u>	<u>5,528,100</u>

Management believes that the carrying amount of the Group's capitalised expenditure and evaluation expenditure 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 project.

12. PROPERTY, PLANT AND EQUIPMENT

	Consolidated	
	31.12.2022	30.06.2022
	<u>\$</u>	<u>\$</u>
NON-CURRENT		
Land at Cost	77,682	76,397
Plant and equipment, at cost	352,531	352,531
Write off	(352,531)	(352,531)
Less: accumulated depreciation	-	-
Motor vehicles, at cost	117,555	117,555
Less: accumulated depreciation	(117,555)	(117,555)
Office equipment, at cost	792,427	775,680
Additions	-	16,747
Less: accumulated depreciation	(766,857)	(764,818)
Construction in progress	3,799,894	2,798,657
Addition	27,616	1,001,237
Total property, plant and equipment	<u>3,930,762</u>	<u>3,903,900</u>

12. PROPERTY, PLANT AND EQUIPMENT (continued)

	Land at cost \$	Plant & equipment \$	Motor vehicles \$	Office equipment \$	Construction in progress \$	Total \$
Consolidated						
Carrying amount at 1 July 2022	76,397	-	-	27,609	3,799,894	3,903,900
Effect of foreign currency translation	1,285	-	-	5,650	27,616	34,551
Depreciation expense	-	-	-	(7,689)	-	(7,689)
Carrying amount at 31 December 2022	77,682	-	-	25,570	3,827,510	3,930,762
	Land at cost \$	Plant & equipment \$	Motor vehicles \$	Office equipment \$	Construction in progress \$	Total \$
Consolidated						
Carrying amount at 1 July 2021	69,951	262	-	23,091	2,562,516	2,655,820
Effect of foreign currency translation	6,446	-	-	1,166	236,141	243,753
Additions	-	-	-	16,747	1,001,237	1,017,984
Disposal	-	(262)	-	-	-	(262)
Depreciation expense	-	-	-	(13,395)	-	(13,395)
Carrying amount at 30 June 2022	76,397	-	-	27,609	3,799,894	3,903,900

13. BORROWINGS

	31.12.2022 \$	30.06.2022 \$
Working capital loans: Provident Minerals Pte Ltd.	2,214,022	-
	2,214,022	-

Working capital loan is classified as unsecured and rank pari passu with existing unsecured obligations with interest rate of 10% per annum on a compounded basis. The lender is not entitled to demand repayment of the outstanding loan in any circumstances prior to the maturity date or any other date mutually agreed between the parties, except in an event of default. The maturity date falls on 30 September 2023.

14. EARNINGS PER SHARE

	31.12.2022 \$	31.12.2021 \$
(a) Basic and diluted loss per share (in cents)	(0.11)	(0.62)
(b) Loss after income tax attributable to member of Sihayo Gold Limited	(6,772,195)	(22,749,851)
(c) Weighted average number of shares outstanding during the period used in the calculation of basic earnings per share	6,102,128,090	3,685,461,421

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15. PROVISIONS

	31.12.2022	30.06.2022
	\$	\$
NON-CURRENT		
Employee entitlements	593,593	584,216
Other provisions	171,707	162,485
	765,300	746,701

16. PROVISION FOR MINING REHABILITATION

The provision for mining rehabilitation represents a reclamation provision set up by PT Sorikmas Mining to comply with the Indonesia Government Regulation No. 78 of 2010 regarding Reclamation and Post-Mining that deals with reclamations and post-mining activities which among other requirements, must (1) prepare a five-year reclamation plan; (2) prepare a post-mining plan; (3) provide a reclamation guarantee which may be in the form of a joint account or time deposit placed at a state-owned bank, a bank guarantee, or an accounting provision; and (4) provide a post-mine guarantee in the form of a term deposit at a state-owned bank.

The requirement to provide reclamation and post-mine guarantees does not release PT Sorikmas Mining from the requirement to perform reclamation and post-mine activities.

On 7 May 2018, Indonesia Ministry of Energy and Mineral Resources released the Minister's Decree No. 1827K/30/MEM/2018 on the Guidance for the Implementation of Good Mining Technic Methods which further regulates the reclamation plan, consideration of future value from the post-mining costs and accounting reserve determination.

The provision during the period amounting to \$158,538 equivalent to US\$107,409 was capitalized to property and equipment. Management is of the opinion that the provisions as at the reporting date are sufficient to meet its obligations.

As of 31 December 2022, PT Sorikmas Mining has placed a restricted term deposit in relation to reclamation amounting to IDR3,994,849,613 or equivalent to \$378,667 equivalent US\$256,547 (30 June 2022: \$391,675 equivalent to US\$269,825).

17. EVENTS OCCURRING AFTER REPORTING DATE

On 21 February 2023, the Company secured an additional US\$1.5 million from its largest shareholder, Provident Minerals Pte Ltd. The loan is classified as unsecured and rank pari passu with existing unsecured obligations with an interest rate of 12% per annum on a compound basis, with a maturity date of 30 September 2023.

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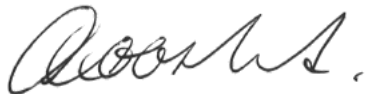
DIRECTORS' DECLARATION

The Directors declare that:

1. The consolidated financial statements and notes set out on pages 12-24;
 - (a) Comply with Accounting Standard AASB 134: Interim Financial Reporting, the Corporations Regulations and other mandatory professional reporting requirements; and
 - (b) Give a true and fair view of the Group's financial position as at 31 December 2022 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 10th March 2023.



Colin Moorhead
Chairman



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

Report on the Half-Year Financial Report

Conclusion

We have reviewed the half-year financial report of Sihayo Gold Limited, which comprises the consolidated statement of financial position as at 31 December 2022, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, condensed notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

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

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2022 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for Conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the Auditor's Responsibilities for the Review of the Financial Report section of our report. We are independent of the Company in accordance with the auditor independence requirements of the Corporations Act 2001 and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001* has been given to the directors of the Company on 10 March 2023.

Material Uncertainty Regarding Going Concern

We draw attention to note 2(d) of the financial report, which describes that the financial report has been prepared on a going concern basis. At 31 December 2022 the consolidated entity had net assets of \$9,337,115, cash and cash equivalents of \$512,990 and a net working capital deficiency of \$3,570,787. The consolidated entity had incurred a loss after tax for the period ended 31 December 2022 of \$6,653,255 and had net cash outflows from operating activities of \$1,447,930.



The ability of the consolidated entity to continue as a going concern and meet its exploration, administration, and other commitments is dependent upon the future successful raising of necessary funding through equity or borrowings, successful exploitation of the consolidated entity's capitalised exploration assets and/or sale of core assets. In the event that the consolidated entity cannot raise further equity, or funding, the consolidated entity may not be able to meet its liabilities as they fall due or realise its assets in the normal course of business.

Our conclusion is not modified in respect of this matter.

Responsibility of the Directors for the Financial Report

The Directors of the 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 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 gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility for the Review of the Financial Report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether 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 Company's financial position as at 31 December 2022 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*.

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.

STANTONS INTERNATIONAL AUDIT AND CONSULTING PTY LTD
(An Authorised Audit Company)

Stantons International Audit & Consulting Pty Ltd

Martin Michalik
Director

West Perth, Western Australia
10 March 2023



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10 March 2023

The Directors
Sihayo Gold Limited
Suite 1, 245 Bay Street
Brighton VIC 3186

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 2022, 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

Martin Michalik
Director