

SIHAYO GOLD LIMITED

ACN 009 241 374

**HALF YEAR FINANCIAL STATEMENTS
31 DECEMBER 2011**

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 2011

Your directors present their report on the consolidated entity consisting of Sihayo Gold Limited ("Sihayo Gold") and the entities it controlled at the end of, or during the half-year ended 31 December 2011.

DIRECTORS

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

Misha Collins
Paul Willis
Peter Bilbe
Gavin Caudle
William John Blake

RESULT

The net operating loss for the half-year ended 31 December 2011 was \$5,449,687 and for the half year ended 31 December 2010 the loss was \$1,894,339.

REVIEW OF OPERATIONS

1.1 INDONESIA

Sihayo Gold Project, Sumatra (75%)

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

Activities included infill drilling at the Sambung Resource, community development programs across seven villages adjacent to the Sihayo-Sambung Resource, Hutabargot Julu drilling and ongoing surface exploration work, and Huta Pungkut skarn copper-gold prospect surface exploration and Babisik epithermal vein system surface exploration.

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

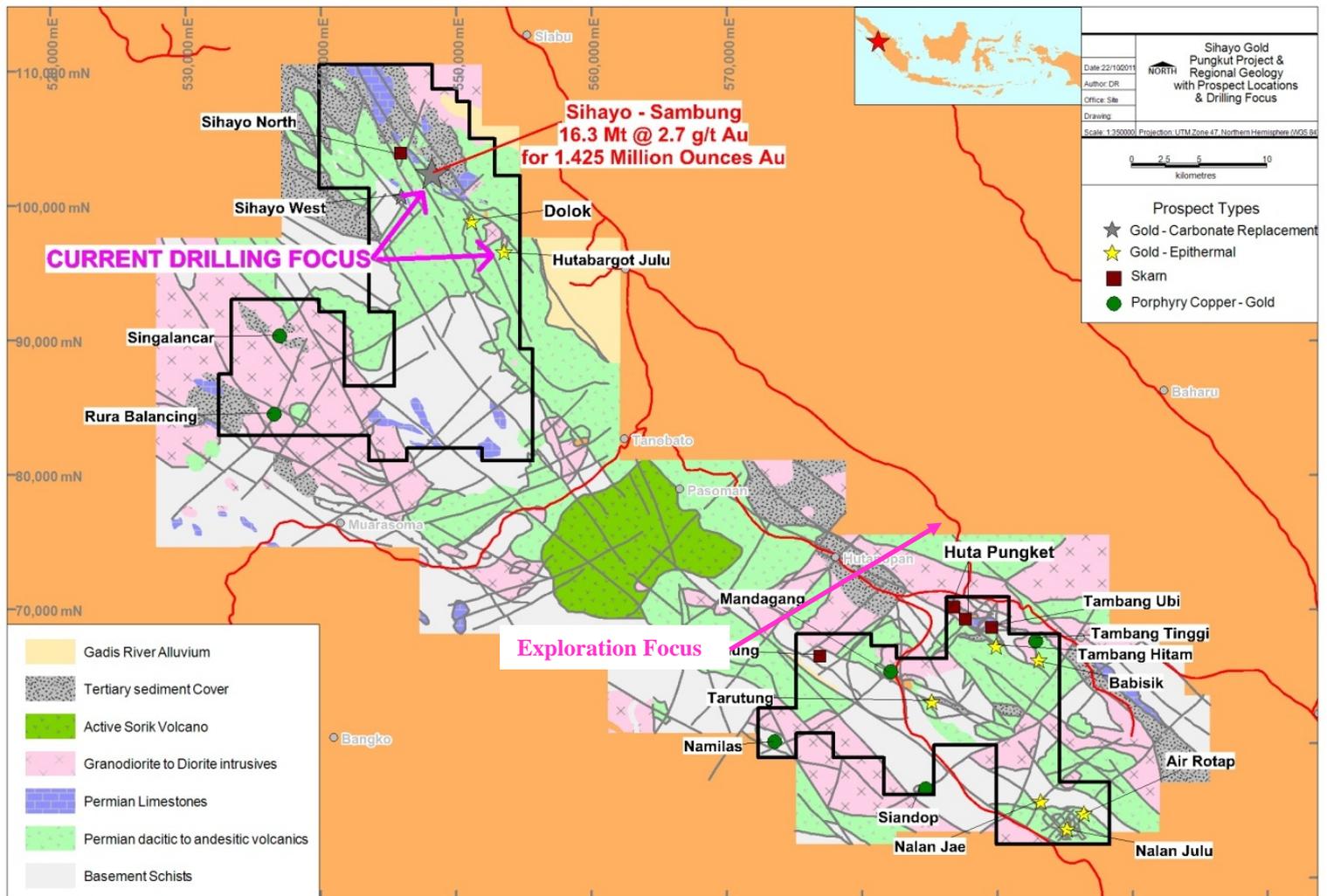


Figure 1: Sihayo Pungkut COW – JORC Resource, Prospects and Current Work Focus Area

1.1.1 Definitive Feasibility Study ("DFS")

During the December half year period, work continued on all aspects of the DFS and each of the key areas is summarised below. Progress in most key areas is on target for completion by the end of the first quarter 2012 with the exceptions being the updated JORC Report for the Sambung Resource and the final phase of additional metallurgical work for the Sihayo Deposit, which should be completed in the second quarter of 2012.

Geology and Resource

Sambung Resource

The infill drill program on the Sambung Resource commenced in October. The purpose of the drill program is to convert the limited amount of Inferred Resource contained within the overall **Sihayo – Sambung JORC Compliant Resource of 16.3Mt at 2.7 g/t Au for 1.425 Moz** into the higher Indicated Category. The drill program is forecast to finish by the end of March with the subsequent JORC Compliant Report due by end of April 2012.

Mining

Studies have been completed to determine the optimum mining rate which the project will sustain. These have concluded that due to the nature of the ore body and the types of equipment to be used that a maximum mining rate is 1.5 Mtpa. The final pit designs and mining scheduling are progressing as a result of these studies. The project will be a conventional drill and blast, excavate, load and haul open pit operation.

Hydrogeology and Hydrology

Hydrogeology (relating to groundwater) and Hydrology (relating to drainage and surface water) with the open pit and waste dump sites located within a region subject to relatively high annual rainfall requires the adoption of a "best practice" water management plan.

In-pit water management will consist of the following aspects:

- Run-off control and sumps;
- In-pit slope depressurisation and dewatering; and
- External dewatering bores.

The key operational requirements will be to:

- Minimise water flows into the pit using perimeter bunds, drains and fill, where practicable;
- Maintain pit wall drainage; and
- Provide permanent and temporary sumps capable of handling the expected water inflows.

Metallurgy and Engineering

Metallurgy

The first phase of a comprehensive metallurgy cyanide leach testing has been completed on all the ore intercepts within the Sihayo Deposit. This involved approx 4,500 lab tests which were designed to simulate the normal plant operating conditions that are expected at the project. All the information has now been integrated into the resource data base.

The ore intercepts from the Sambung Area are being completed on the same basis as the infill drilling program progresses and will be included into the models as the information becomes available.

Given the existence of a high degree of variability of recoveries within certain sections of the Sihayo Deposit an additional phase of metallurgical test work will be undertaken. This work is scheduled for completion in the second quarter of 2012.

Process Plant

The process plant is a conventional Carbon in Leach ("CIL") process with single stage jaw crushing and single stage SAG milling at a throughput rate of 1.5 Mtpa.

The waste material from the plant will be thickened pre detox and placed on the mine waste dump as a co-dispersal and as such no tailings dam will be constructed.

Recovered water from the thickener will go back into the process plant. Only a small proportion of makeup water will be required for the normal plant operation.

Power

A detailed study into Biomass Power is progressing with the outcome due by the end of March 2012 to DFS standards. This study will include the Capex and Opex for the power plant.

The indicative capital cost of the power plant is US\$18 million plus owner's costs for construction of the plant and associated infrastructure.

Overland Conveyor

The DFS study for the overland conveyor for the movement of mine and plant waste material will also be completed by the end of March 2012.

The indicative capital cost of the overland conveyor is US\$11 million plus owner's costs for installation and associated civil works.

1.1.2 Sihayo - Sambung Gold Resource

The current Sihayo-Sambung Gold Resource of **16.3Mt at 2.7 g/t Au for 1.425 Moz** lies on about 2.25km of the potential 5.5km trend of gold mineralisation.

The infill drilling program aiming to upgrade the JORC Compliant Sambung Inferred Resource of **123,200 ounces Gold @ 2.2 g/t Au** to the higher JORC Compliant Indicated category is nearing completion.

Figure 2 shows the area of drill focus at the Sambung prospect.

During the December half year period, 1,658m from 15 holes were drilled. Results containing greater than 1 g/t Au are shown in Table 1 below.

Geological modelling based on logging of 101 diamond drill holes through the Sambung Prospect has defined three settings of gold bearing jasper mineralisation: 1) Structurally controlled; 2) Stratigraphy controlled; and 3) Surface regolith.

Figure 3 is a cross section demonstrating geology and mineralisation at the Sambung prospect.

Updated geological modelling has shown that sub vertical structural control exists on a component of the gold mineralisation at Sambung. Notably, sub vertical mineralisation has returned anomalous to highly encouraging silver results. **SAMDD096 intercepted 19.15m @ 1.92g/t Au and 36.82g/t Ag from 70.9m.**

Silver intercepts will be reviewed throughout the Sambung Prospect.

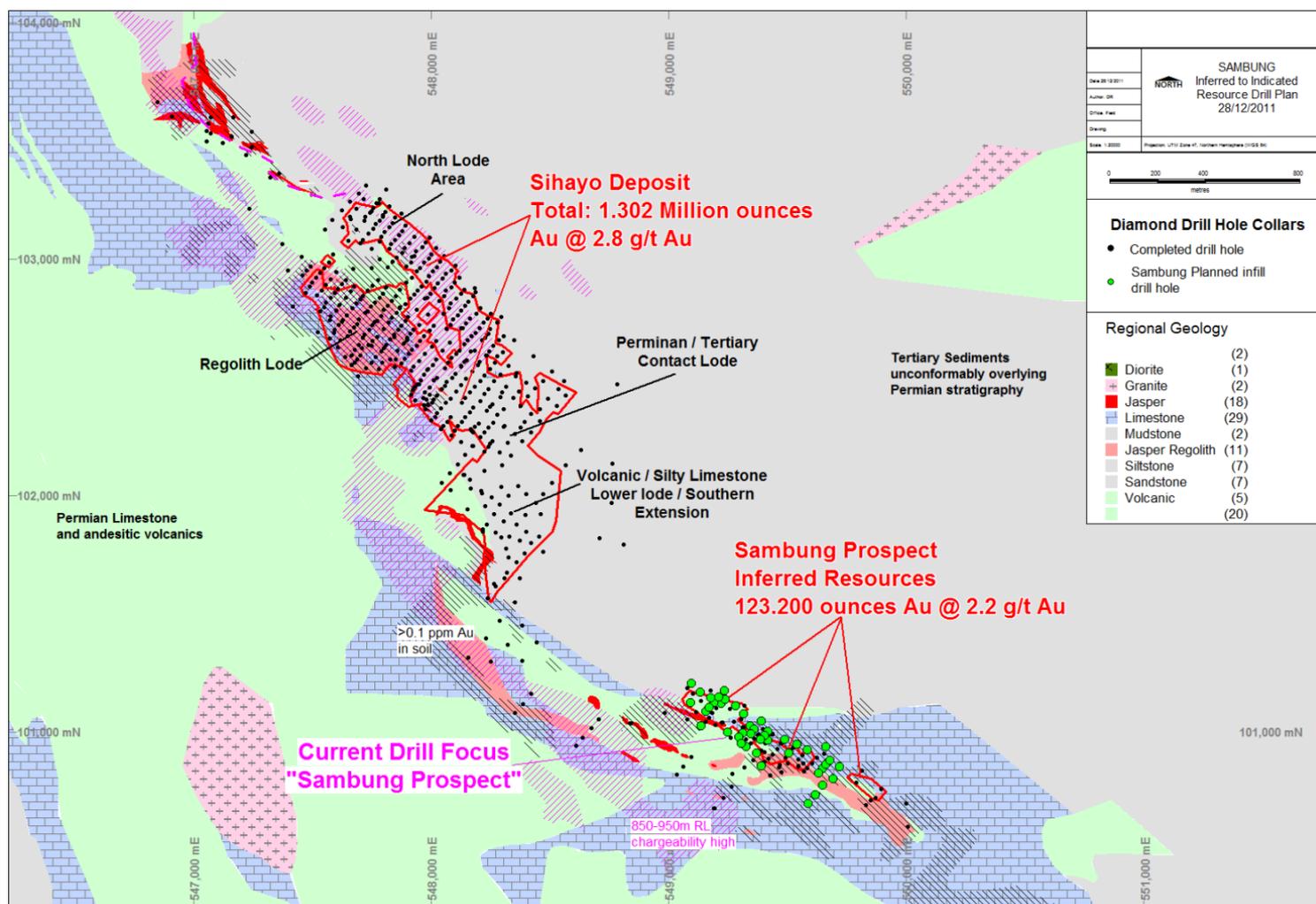


Figure 2: Sihayo Pungkut Gold Project - Current Drilling Focus

Hole ID	East UTM	North UTM	RL (m ASL)	Azi	Dip	Max Depth	From	To	Intercept (m)	Au g/t
086	549221	101121	1010	0	-90	114.1	57.0	72.0	15	4.26
088	549191	101127	1020	222	-60	72.5	38.8	44.95	6.15	2.97
089	549211	101151	1020	222	-60	80.0	62.1	71.0	8.9	1.93
091	549538	100951	955	222	-60	114.1	24.4	26.4	2.0	1.57
092	549171	101105	1020	222	-60	71.0	34.25	43.85	9.6	2.04
094	549176	101145	1036	0	-90	108.7	83.55	90.40	6.85	3.35
096	549131	101171	1052	222	-60	122.0	62.5	65.5	3.0	3.11
							70.9	90.05	19.15	1.92
097	549390	100859	1021	0	-90	66.7	28.15	29.15	1	2.16
098	549417	100965	990	0	-90	83.3	22.0	24.0	2	3.24
099	549096	101206	1077	222	-60	116.7	101	102	1	1.51
							104.8	105.8	1	1.64
100	549096	101206	1077	222	-70	123.8	97	98.3	1.3	1.06
							105.8	107	1.15	1.26
							109	110.5	1.55	1.77
101	549904	100988	986	222	-60	91	38.15	39.5	1.35	3.74

Table 1: Significant Drill Intercepts - Holes 086 to 101

Notes

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

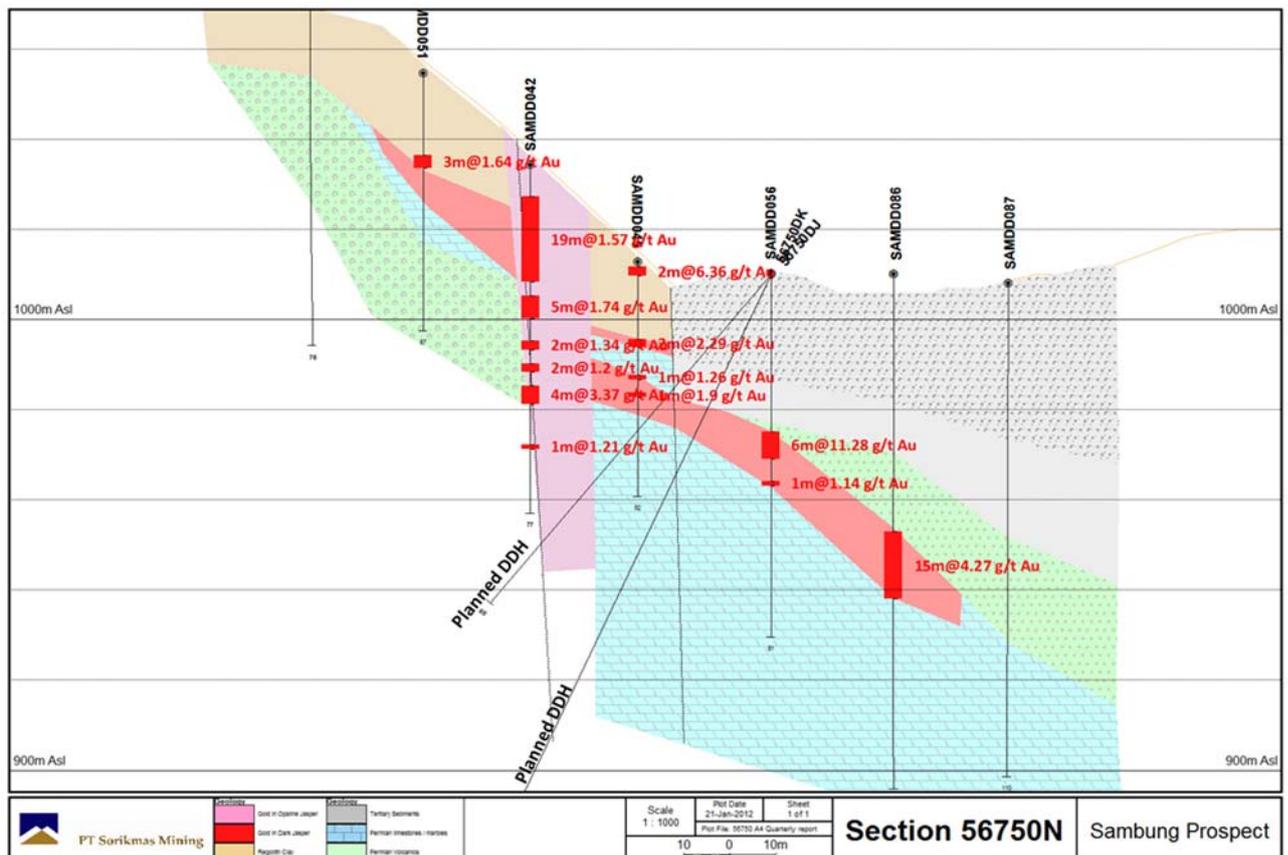


Figure 3: Sambung Cross Section 56750N

1.1.3 Community Development Activities

Social mapping of local communities has identified three major areas that Sihayo Gold can assist in community development:

1. Agriculture – cocoa, rubber, rice, vegetables, fruits and animal husbandry;
2. Services - health, education and small business generation; and
3. Infrastructure – water, sanitation and micro-hydro potential



Currently, **26 separate projects setup under 13 co-operatives involving 566 people** from the local community are in progress.

The Company has identified that the main issues that the local community have in regard to agriculture are:

- Access to markets to sell produce
- Access to quality seed or animal stock
- Access to training for best practice applicable agricultural techniques.

Current programs have included setting up nurseries supplying quality seed/fruit tree stock, establishing breeding stations for

different livestock including goats, chickens, pigs and fish.

Training has commenced in best agricultural practices such as composting, pruning, and contour planting.

Once agricultural products reach the required quality levels through best stock and best agricultural practices, the Company will assist local communities in improved marketing strategies.

Ultimately, co-operatives involved in these agricultural projects will become profitable and self sustainable providing extra income to communities.



In line with our overall Community Development Plan, the first of 3 community centres has been opened.

The Community Centre will initially be used as a children's library and basic computer training centre followed by other educational programs that will be determined by the local community.

1.1.4 Hutabargot Julu Exploration

The **Hutabargot Julu Prospect** is located 7km south east of the Sihayo-Sambung Resource. The Hutabargot Prospect is underlain by a dacitic dome complex and dissected by the Trans Sumatran Fault Zone.

Dacitic stratigraphy has been hydrothermally brecciated and magnetite destructive clay-silica-pyrite altered defining an approximate 6km * 2km intermediate epithermal gold complex footprint.

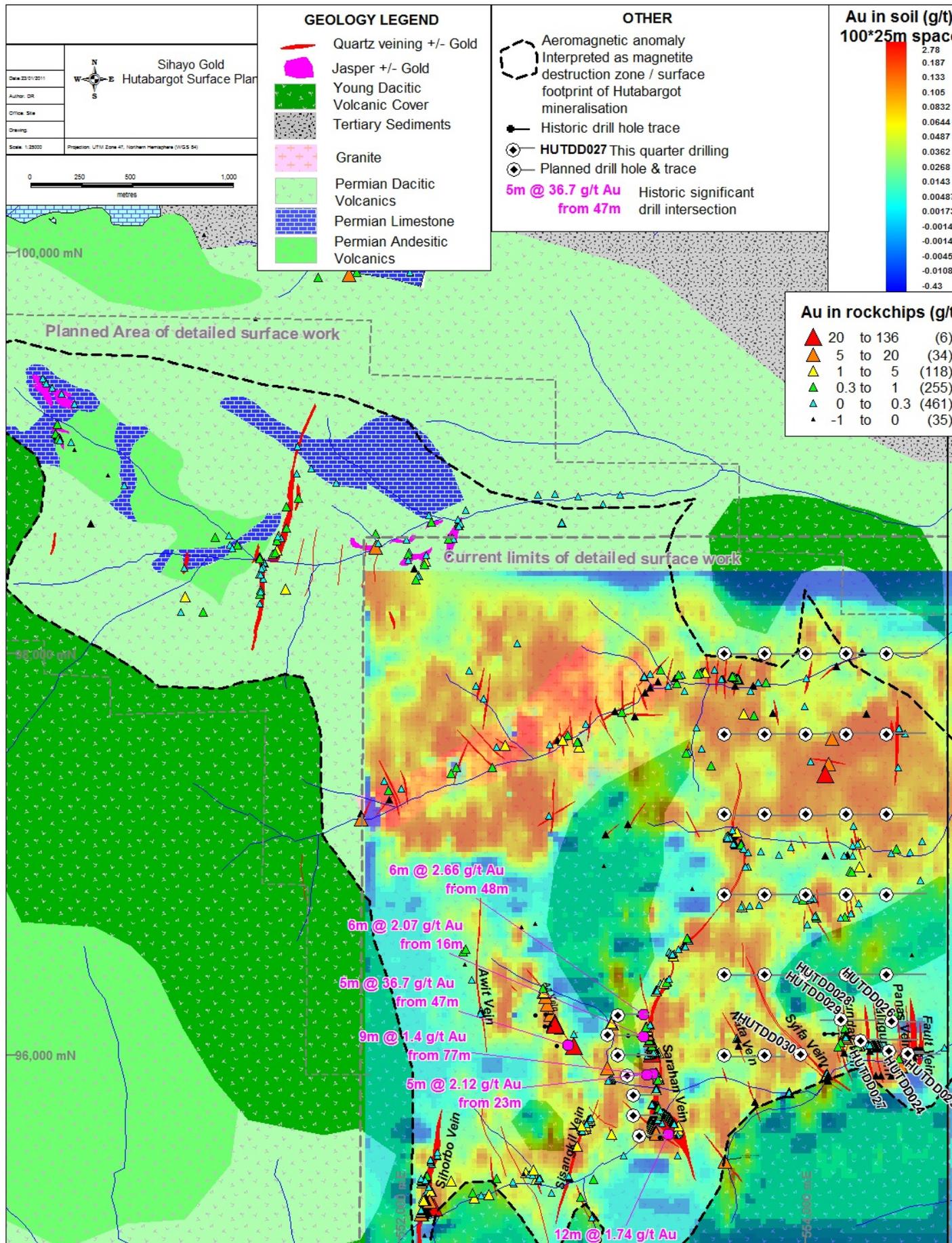
Significant mineralisation is structurally controlled veining within hydrothermal breccias.

Historic drilling yielded a best significant intercept of **5m @ 36.7 g/t Au from 47m** from Quartz-Sulphide veining.

A surface plan summarising diamond drilling to date is shown in *Figure 4*.

Drill results have been encouraging **with a best intercept of 5.9m @ 3.82 g/t Au from 54.3m in HUTDD026**. Gold mineralisation is hosted by colloform banded chalcedonic and vuggy white quartz

associated with pyrite arsenopyrite, sphalerite, and galena with localised chalcopyrite.



1.1.5 Babisik Epithermal Gold Prospect

Babisik surface exploration programs commenced in October 2011 and have progressed well. Exploration activities included geological mapping and grid soil within a 2km² area. Fifty one rock chip samples and 858 soil samples were collected.

Figure 5 summarises exploration work to date.

The Babisik Prospect is underlain by Permian volcanic agglomerates that are unconformably overlain by sandstones and conglomerates to the north of the prospect area. A number of quartz veins +- manganese +- limonite up to 15m wide are traceable over 500m of strike length. Best rock chip results to date yielded **5.32 g/t Au and up to 400 g/t Ag**.

Further detailed mapping/rock chipping and Induced Polarisation work is scheduled over the next quarter with the objective to site in drill holes targeting potential high grade ore shoots.

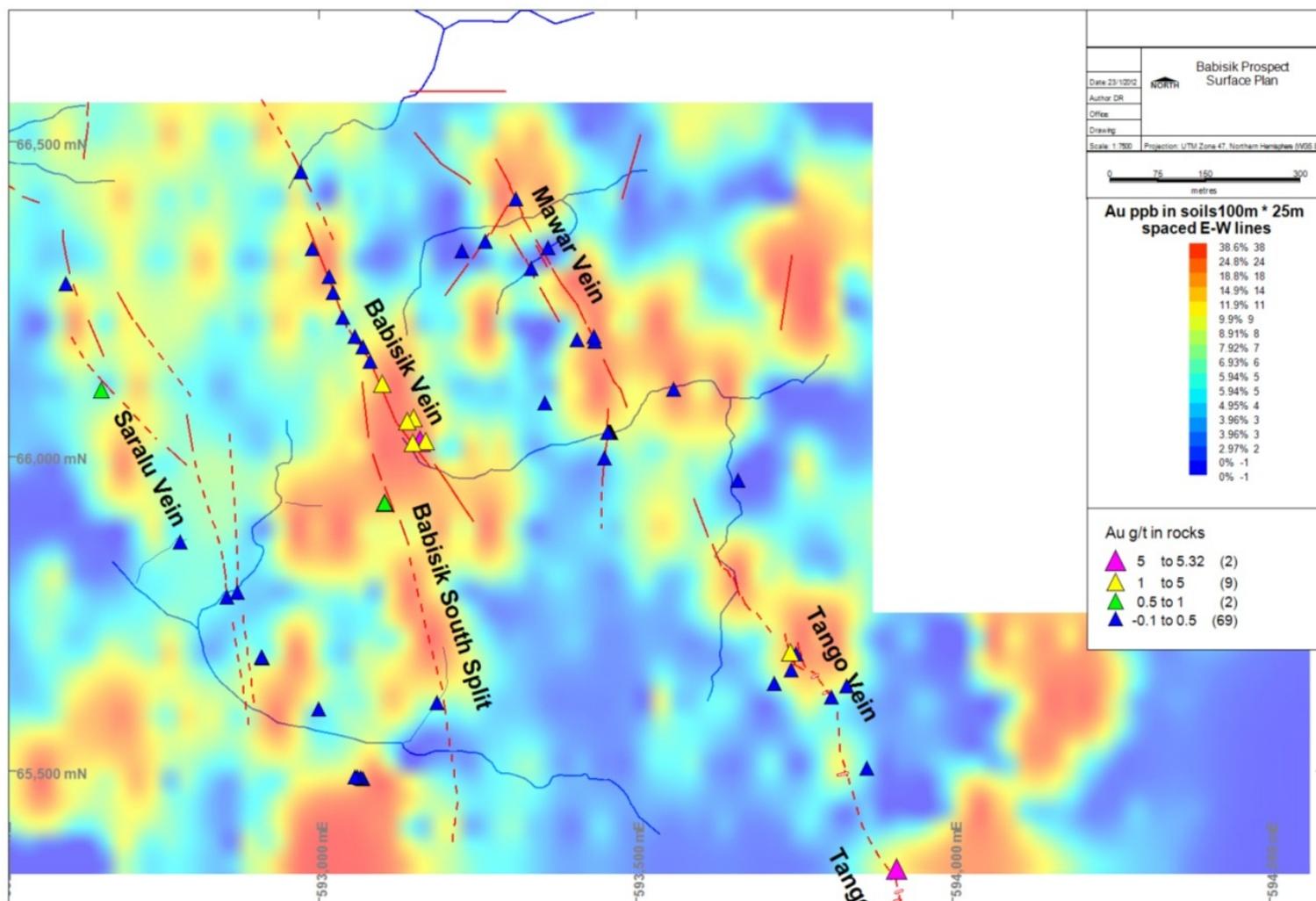


Figure 5: Babisik Prospect Surface Plan

1.1.6 Huta Pungkut gold and copper skarn

The prospect is located 5km northwest and along trend of Tambang Tinggi Prospect. Refer Figure 1. The area was identified from the regional stream geochemistry survey and confirmed by the recent aeromagnetic survey. The area comprises a broad zone (5.1 km strike length) of strong stream sediment gold anomalism (>10 ppb Au in 30 mesh BLEG).

The prospect area is the most geochemically anomalous region within the COW with all drainages sampled along the trend returning anomalous values. The anomalous stream sediments appear to have a close relationship to magnetic anomalies suggestive of skarn type mineralisation.

The area presently has been divided into 3 prospects (Red Hill, Crown Hill and Blue Ridge) identified in reconnaissance exploration associated with small scale mining activity and possible vegetation anomalies similar to that at Tambang Tinggi.

Gold and copper skarn style mineralisation is hosted in limestones intruded by porphyry and the Mauri Sipongi granite.

Current exploration work includes geological mapping and soil sampling. Rock chips collected from skarn zones have yielded up to **44.6 g/t Au** and up to **18% Cu**. Soil sampling has delineated large areas (approximately 3km * 1km) of Cu-Au anomalism adjacent to mapped skarn zones.

Scheduled ongoing work is an IP survey, further soil sampling, geological mapping and rock chip sampling. This work will be compiled and analysed to generate drill targets that are expected to be tested in 2012.

Table 2 contains the best rock chip assay results received to date.

Table 2: Rock chip assay results from Huta Pungkut Prospect

Sample No	East UTM	North UTM	RL (m ASL)	Sample Type	Au g/t	% Cu
973257	586869	69771	747	Rockchip	5.61	0.49
973258	586850	69770	748	Rockchip	12.20	0.50
973260	589014	68877	885	Rockchip	6.03	3.61
973261	588242	69953	786	Rockchip	14.50	0.09
973278	587786	69236	835	Rockchip	1.09	0.15
973281	587782	69234	830	Rockchip	5.41	0.89
973282	587780	69233	830	Rockchip	1.32	0.23
973283	587814	69248	831	Rockchip	13.90	1.66
973298	588627	68752	950	Rockchip	1.38	5.58
973299	588658	68776	937	Rockchip	31.80	1.20
993024	588054	68377	847	Rockchip	1.44	0.14
993028	587806	68714	816	Rockchip	1.27	0.05
993030	589005	68888	896	Rockchip	2.01	1.74
993034	589141	68997	966	Rockchip	4.87	1.94
993036	587518	68176	900	Rockchip	4.73	0.05
993041	586907	69880	695	Rockchip	4.87	0.33
993046	588439	69913	715	Rockchip	44.60	0.68
997253	586949	69435	676	Rockchip	5.32	0.74
997254	586863	69515	667	Rockchip	13.90	0.84
997255	586791	69507	691	Rockchip	24.30	18.50
997257	587704	69212	819	Rockchip	4.31	0.25
997258	587636	69543	773	Rockchip	2.28	3.34

Notes

1. All assays determined by 50gm fire assay with AAS finish by Intertek- Caleb Brett Laboratories of Jakarta.

1.2 Malawi (Uranium) 100%

No exploration activities were carried out during the half year period.

1.3 India (Diamonds) 9%

Some progress was made during the half year period in resolving the legal status of the diamond tenements in India, however the matter is yet to be finalised.

2. Corporate Activities

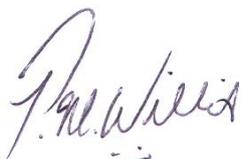
The Company finished the December half with a cash balance of A\$6.64 million and no debt.

During August 2011, 9,724,500 unlisted A\$0.05c options were exercised and the Company received funds of approximately A\$485,000.

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 25.

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



PAUL WILLIS
Director

15th March 2012

Competent Persons Statements

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

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

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

Note

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

SIHAYO GOLD LIMITED AND CONTROLLED ENTITIES
ACN 009 241 374

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE HALF YEAR ENDED 31 DECEMBER 2011

	Note	31.12.2011	31.12.2010
		\$	\$
Other revenue	3	<u>71,486</u>	<u>29,949</u>
Total Revenue		<u>71,486</u>	<u>29,949</u>
Corporate secretarial expenses		(50,411)	(48,659)
Depreciation	3	(8,674)	(10,361)
Directors' fees		(106,200)	(104,950)
Employee expense		(1,458,155)	(273,998)
Exploration expenditure	3,9	(476,452)	(14,655)
External consultancy expenses		(1,200,404)	(183,251)
Insurance expenses		(10,697)	(24,097)
Legal costs		-	(9,006)
Postage		(18,066)	(3,173)
Printing and stationary		-	(17,401)
Rates and taxes		(6,923)	(6,918)
Rental expense		(64,933)	(33,414)
Share based payments	3	-	(869,928)
Travel and entertainment		(176,208)	(93,398)
Other expenses		<u>(1,944,050)</u>	<u>(231,079)</u>
Loss before income tax		(5,449,687)	(1,894,339)
Income tax expense		<u>-</u>	<u>-</u>
Loss after income tax		<u>(5,449,687)</u>	<u>(1,894,339)</u>
Other comprehensive income			
Movement in foreign currency translation reserve		<u>583,894</u>	<u>(756,665)</u>
Total other comprehensive income for the period		<u>583,894</u>	<u>(756,665)</u>
Total comprehensive loss attributable to members of Sihayo Gold Limited		<u>(4,865,793)</u>	<u>(2,651,004)</u>
Loss after income tax attributable to :			
Member of Sihayo Gold Limited		(4,436,738)	(1,907,767)
Non Controlling Interest		<u>(1,012,949)</u>	<u>13,428</u>
		<u>(5,449,687)</u>	<u>(1,894,339)</u>
Comprehensive loss after income tax attributable to:			
Member of Sihayo Gold Limited		(3,852,844)	(2,664,432)
Non Controlling Group		<u>(1,012,949)</u>	<u>13,428</u>
		<u>(4,865,793)</u>	<u>(2,651,004)</u>
Basic loss per share in cents		(0.78)	(0.49)

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

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 2011

	Note	31.12.2011 \$	30.06.2011 \$
Current Assets			
Cash and cash equivalents	8	6,644,664	13,176,949
Trade and other receivables		1,788,653	1,319,844
Inventory		14,598	-
Financial assets		16,950	16,950
		8,464,865	14,513,743
Total Current Assets			
Non-Current Assets			
Other assets	9	11,743,375	9,267,844
Plant & equipment		718,681	692,534
		12,462,056	9,960,378
Total Non-Current Assets			
		20,926,921	24,474,121
Total Assets			
Current Liabilities			
Trade and other payables		1,434,239	1,616,997
Provisions		537,677	538,387
Other liabilities		23,605	23,605
		1,995,521	2,178,989
Total Current Liabilities			
Non-Current Liabilities			
Provisions		9,075	6,188
		9,075	6,188
Total Non-Current Liabilities			
		2,004,596	2,185,177
Total Liabilities			
		18,922,325	22,288,944
Net Assets			
Equity			
Issued capital	7	76,860,742	76,374,517
Reserves		6,296,033	5,712,139
Accumulated losses		(65,883,130)	(60,433,443)
		17,273,645	21,653,213
Total parent entity interest		17,273,645	21,653,213
Non-Controlling interest in controlled entities		1,648,680	635,731
		18,922,325	22,288,944
Total Equity			

The accompanying notes form part of these financial statements.

SIHAYO GOLD LIMITED AND CONTROLLED ENTITIES
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CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF YEAR ENDED 31 DECEMBER 2011

CONSOLIDATED

	\$	\$	\$	\$	\$	\$
	Share Capital & shares to be issued	Options Reserve	FX Reserve	Accumulated Losses	Non- Controlling Interest	Total
Balance at 1.7.10	47,698,556	1,041,408	1,438,080	(49,292,389)	87,507	973,162
Total loss for the period	-	-	-	(1,894,339)	-	(1,894,339)
<u>Other comprehensive</u>						
<u>income:</u>						
Movement in foreign currency translation reserve	-	-	(756,665)	-	-	(756,665)
Movement in Non- Controlling Interest	-	-	-	-	(13,428)	(13,428)
Issue of shares & shares to be issued	11,337,972	-	-	-	-	11,337,972
Share issue costs	(323,354)	-	-	-	-	(323,354)
Issue of options	-	869,929	-	-	-	869,929
Balance at 31.12.10	58,713,174	1,911,337	681,415	(51,186,728)	74,079	10,193,277
	\$	\$	\$	\$	\$	\$
	Share Capital & shares to be issued	Options Reserve	FX Reserve	Accumulated Losses	Non- Controlling Interest	Total
Balance at 1.7.11	76,374,517	2,230,437	3,481,702	(60,433,443)	635,731	22,288,944
Total loss for the period	-	-	-	(5,449,687)	-	(5,449,687)
<u>Other comprehensive</u>						
<u>income:</u>						
Movement in foreign currency translation reserve	-	-	583,894	-	-	583,894
Movement in Non- Controlling Interest	-	-	-	-	1,012,949	1,012,949
Issue of shares & shares to be issued	486,225	-	-	-	-	486,225
Share issue costs	-	-	-	-	-	-
Issue of options	-	-	-	-	-	-
Balance at 31.12.11	76,860,742	2,230,437	4,065,596	(65,883,130)	1,648,680	18,922,325

The accompanying notes form part of these financial statements.

SIHAYO GOLD LIMITED AND CONTROLLED ENTITIES
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CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE HALF YEAR ENDED 31 DECEMBER 2011

	Note	CONSOLIDATED	
		31.12.2011	31.12.2010
		\$	\$
Cash flows from operating activities			
Payments to suppliers and employees		(2,425,692)	(1,052,157)
Prepayments		(466,053)	-
General & administrative expenditure		(2,218,602)	-
Interest received		71,486	16,521
Interest paid		-	-
Net cash (used in) operating activities		<u>(5,038,861)</u>	<u>(1,035,636)</u>
Cash flows from investing activities			
Purchase of plant & equipment		(82,946)	(335,339)
Mining exploration and evaluation expenditure		(2,525,309)	(6,798,006)
Payments for investments		-	-
Net cash (used in) investing activities		<u>(2,608,255)</u>	<u>(7,133,345)</u>
Cash flows from financing activities			
Proceeds from share issue		486,352	11,337,972
Share issue costs		-	(323,354)
Payment for unmarketable share securities		(126)	-
Refunded/(Payment) of security deposits		-	(1,214)
Net cash provided by financing activities		<u>486,226</u>	<u>11,013,404</u>
Net increase /(decrease) in cash and cash equivalents held		(7,160,890)	2,844,423
Cash and cash equivalents at the beginning of the reporting period		13,176,949	1,358,675
Effects of exchange rate changes on cash and cash equivalents		628,605	(161,142)
Cash and cash equivalents at the end of the reporting period	8	<u>6,644,664</u>	<u>4,041,956</u>

The accompanying notes form part of these financial statements.

SIHAYO GOLD LIMITED AND CONTROLLED ENTITIES
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CONDENSED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2011

1. CORPORATE INFORMATION

Sihayo Gold Limited (the Company) is a company limited by shares incorporated in Australia whose shares are publicly traded on the Australian Securities Exchange. The consolidated half year financial statements of the Company as at and for the six months ended 31 December 2011 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 2011 is available upon request from the Company's registered office at 25 Charles Street, South Perth, Western Australia or at www.sihayogold.com.

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES

(a) Basis of preparation

The general purpose financial statements for the half-year ended 31 December 2011 has been prepared in accordance with the requirements of the *Corporations Act* and AASB 134 *Interim Financial Reporting*.

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

It is recommended that the half year financial statements be read in conjunction with the Annual Financial Statements of Sihayo Gold Limited as at 30 June 2011 and considered together with any public announcements made by Sihayo Gold Limited and its controlled entities during the half year ended 31 December 2011 in accordance with its continuous disclosure obligations of the *ASX Listing Rules*.

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

(b) Significant accounting policies

The accounting policies and methods of computation adopted in the preparation of the half yearly report are consistent with those adopted and disclosed in the Company's 2011 Annual Financial Report for the financial year ended 30 June 2011, except for the impact of the Standards and Interpretations described below. These accounting policies are consistent with the Australian Accounting Standards and with International Financial Reporting Standards.

(c) Changes in accounting policies

The Group has adopted the following new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to their operations and effective for the current reporting period.

New and revised Standards and amendments thereof and Interpretations effective for the current operating period that are relevant to the Group include:

- *Amendment to AASB 5, 8, 101, 107, 117, 136 and 139 as a consequence of AASB 2009-5 Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project.*

AASB 2009-5 introduces amendment into Accounting Standards that are equivalent to those made by the IASB under its program on annual improvements to its standards. A number of amendments are largely technical, clarifying particular terms or eliminating unintended consequences. Other changes are more substantial, such as the classification of expenditures on unrecognised assets in the statement of cash flows.

The adaption of these amendments has not resulted in any changes to the Group's accounting policies and has no effect on the amounts reported for the current or prior periods.

**SIHAYO GOLD LIMITED AND CONTROLLED ENTITIES
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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2011**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(d) Going Concern

The consolidated financial statements have also been prepared on the going concern basis.

However, the ability of the Company and the consolidated entity to actively explore and continue as a going concern, and to meet their debts and commitments as they fall due, is dependent upon further capital raisings.

The Directors are confident that the Company will be successful in raising further capital and, accordingly, have prepared the financial statements on a going concern basis. At this time, the directors are of the opinion that no asset is likely to be realised for an amount less than the amount at which it is recorded in the financial report at 31 December 2011. 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.

(e) Basis of consolidation

The half year condensed consolidated financial statements comprise the financial statements of Sihayo Gold Limited and its subsidiaries as at 31 December 2011.

	Note	CONSOLIDATED	
		31.12.2011	31.12.2010
		\$	\$
3. OPERATING LOSS			
Operating loss from ordinary activities before income tax has been determined after:			
(a) Crediting as revenue:			
Interest received and other income:		71,486	29,949
(b) Charging as expense:			
Depreciation		8,674	10,361
Exploration expenditure		476,452	14,655
Share based payments		-	869,928
		-	869,928

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 comprehensive income and statement of financial position. The Group operates only in the exploration industry, both in Australia and overseas.

Primary Reporting – geographical segments

The geographical segments of the consolidated entity are as follows:

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2011

4. SEGMENT INFORMATION (CONTINUED)

Revenue by geographical region

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

	31.12.2011	31.12.2010
	\$	\$
Australia	71,486	29,949
Africa	-	-
South East Asia	-	-
India	-	-
Other foreign countries	-	-
Total revenue	<u>71,486</u>	<u>29,949</u>

Segment Result by geographical region

	31.12.2011	31.12.2010
	\$	\$
Australia	(1,551,833)	(1,877,052)
Africa	(2,467)	(15,068)
South East Asia	(3,895,160)	-
India	(227)	(2,219)
Segment Result	<u>(5,449,687)</u>	<u>(1,894,339)</u>

Assets by geographical region

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

	31.12.2011	30.06.2011
	\$	\$
Australia	3,915,777	11,285,880
Africa	17,750	14,664
South East Asia	16,993,392	13,173,575
India	2	2
Total Assets	<u>20,926,921</u>	<u>24,474,121</u>

Liabilities by geographical region

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

	31.12.2011	30.06.2011
	\$	\$
Australia	254,016	137,209
Africa	-	-
South East Asia	1,750,580	2,047,968
India	-	-
Total Liabilities	<u>2,004,596</u>	<u>2,185,177</u>

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2011

5. SUBSEQUENT EVENTS

There are no subsequent events since 31 December 2011.

6. CONTINGENCIES & COMMITMENTS

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

7. ISSUED CAPITAL

	31.12.2011	30.06.2011
	\$	\$
Ordinary shares		
Issued & fully paid	76,860,742	76,374,517
	76,860,742	76,374,517

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

	31.12.2011	
	No. of shares	\$
	693,986,64	
1 July 2011	Opening balance	6
		76,374,517
2 August 2011	Exercise of Options	300,000
		15,000
15 August 2011	Exercise of Options	9,424,500
	703,711,14	471,225
	Less :	
	Share issue costs	6
	-	76,860,742
	703,711,14	-
Balance as at 31 December 2011	6	76,860,742

Options

As at 31 December 2011, the Company had the following unlisted options:

- 6,800,000 options to subscribe for fully paid ordinary shares exercisable at 15 cents at any time on or before the expiry date of 31 May 2013.
- 2,000,000 options exercisable at 7.5 cents on or before the expiry date of 30 June 2012.
- 2,000,000 options exercisable at 10 cents on or before the expiry date of 30 June 2013.
- 2,000,000 options exercisable at 10 cents on or before the expiry date of 30 June 2012.
- 2,000,000 options exercisable at 12.5 cents on or before the expiry date of 30 June 2013.
- 3,000,000 options exercisable at 10 cents on or before the expiry date of 31 May 2012.
- 3,000,000 options exercisable at 25 cents on or before the expiry date of 31 December 2012.

The following options were exercised during the period

- On 2 August 2011 300,000 unlisted options were exercised at 5 cents.
- On 15 August 2011 9,424,500 unlisted options were exercised at 5 cents.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2011

	31.12.2011	30.06.2011
	\$	\$
8. RECONCILIATION OF CASH		
Cash and cash equivalents	6,644,664	13,176,949
	6,644,664	13,176,949
 9. EXPLORATION		
	31.12.2011	30.06.2011
	\$	\$
Carrying amount at beginning of period	9,256,300	-
Expenditure incurred during the year	2,951,505	13,309,213
Expenditure written off during the year	(476,452)	(4,052,913)
	11,731,353	9,256,300
Carrying amount at end of period	11,731,353	9,256,300
Other assets	12,022	11,544
	11,743,375	9,267,844
Total amount	11,743,375	9,267,844

10. RELATED PARTIES

Group

The Group consists of Sihayo Gold Limited and its wholly-owned subsidiaries Inland Gold Mines Pty Limited, Excelsior Resources Pty Limited, Oropa Technologies Pty Limited, Oropa Indian Resources Pty Limited and Oropa Exploration Pty Ltd.

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

Transactions between Sihayo Gold Limited and related parties in the Group during the period ended 31 December 2011 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 \$9,487,669 in its accounts for the period ended 31 December 2011 in relation to the loans made to its subsidiaries. No other amounts were included in the determination of operating loss before tax of the parent entity that resulted from transactions with related parties in the Group.

Other related parties

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

	31.12.2011	30.06.2011
	\$	\$
Non current receivables	43,701,049	34,213,380
Provision for Doubtful Debts	(43,701,049)	(34,213,380)
	-	-

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 13-21;
 - (a) comply with Accounting Standard AASB 134: – Interim Financial Reporting, the Corporations Regulations; and
 - (b) give a true and fair view of the consolidated entity's financial position as at 31 December 2011 and of its performance for the half-year ended on that date.
2. In the directors' opinion there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the directors.

Dated at Perth this 15th day of March 2012



PAUL WILLIS
Director

**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 statement of financial position as at 31 December 2011, the statement of comprehensive income, statement of changes in equity, and 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 2011 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 2012.

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 2011 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standards AASB 134 Interim Financial Reporting and Corporations Regulations 2001.

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

stantons international audit & consulting Pty Ltd



Martin Michalik
Director

West Perth, Western Australia
15 March 2012

15 March 2012

Board of Directors
Sihayo Gold Limited
25 Charles Street
SOUTH PERTH WA 6151

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 2011 I declare that to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the Corporations Act 2001 in relation to the review; and
- (ii) any applicable code of professional conduct in relation to the review.

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



Martin Michalik
Director