
2013 ANNUAL REPORT



ABN 77 009 241 374

“BUILDING A SUCCESSFUL INDONESIAN GOLD COMPANY”

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CORPORATE DIRECTORY

Directors	Peter Bilbe <i>B.Eng (Mining) (Hons)</i> (Non Executive Director – Chairman) Misha A Collins <i>C.F.A</i> (Non Executive Director) Gavin Caudle (Non Executive Director) William John Blake <i>M.Eng Sc, MBA, DBA</i> (Non Executive Director)
Chief Executive Officer	Paul Willis (resigned 14 Jan 2013) Stuart Gula
Secretary	Daniel Nolan
Registered Office and Business Address	C/-McCullough Robertson 11/66 Eagle St, Brisbane QLD 4000 Telephone: 0427 401198 Facsimile: (07) 33993172 E-mail: sihayogold@sihayogold.com Web: www.sihayogold.com
Share Registry	Security Transfer Share Registry Pty Ltd 770 Canning Highway Applecross WA 6153 Telephone: (08) 9315 2333 Facsimile: (08) 9315 2233
Home Exchange	Australian Securities Exchange (Perth) Limited Exchange Plaza 2 The Esplanade Perth WA 6000
Auditors	Stantons International Level 2, 1 Walker Avenue West Perth WA 6005
Solicitors	Williams & Hughes 25 Richardson Street West Perth WA 6005
Bankers	ANZ Banking 111 Eagle St, Brisbane, QLD. 4000

Sihayo Gold Limited is a company limited by shares, incorporated and domiciled in Australia.

CHAIRMAN'S REVIEW

Dear Fellow Shareholder,

The last 12 months has again been a challenging year as progress on finalising the Feasibility Study ("FS") for the Sihayo Pungkut Gold Project ("SPGP") has been materially affected by a number of factors;

- negative market sentiment and deteriorated debt and equity markets associated with volatility in commodity prices and particularly a sharp reduction in the gold price during the year;
- the need to undertake additional near surface resource drilling and update of our JORC compliant mineral resource estimate;
- the requirement for additional metallurgical test work ; and
- the necessity to re-examine and re-configure the project to identify the optimum project development path.

Consequently, the current proposal being developed is for a staged approach where Stage 1 delivers approximately 45,000 ounces of gold per year over approximately a 6 year period through construction of a smaller processing plant than previously proposed. This approach will reduce construction capital, focus on near surface ores, lower strip ratios and improve metallurgical recoveries in order to reduce the payback period on invested capital and improve project economics.

Your company is actively working to finalise the capital and operating costs to underpin this new approach, recognising the significant shifts which have occurred in the labour and equipment markets since the recent reduction in activity within the resources sector.

Should the Company deliver an attractive outcome in relation to the Feasibility Study for Stage 1 and successfully develop the project the Company would be well placed to proceed with the subsequent mining of the approximately 700,000 ounces of Measured and Indicated Resources that remain at depth within the existing Sihayo and Sambung Resource and also potential mineralisation from newer discoveries such as the Hutabargot prospect.

The Company also continues to work with Government authorities in order to secure the areas within the boundaries of the Contract of Work (CoW) from illegal artisanal miners and progress permitting and approvals necessary to allow the project to proceed.

Whilst the year has proved to be a less than satisfactory one for the Company, there are a number of outcomes worth reflecting on.

- The 7th Generation CoW remains as the most secure legal tenure in the Indonesian mining industry and describes in detail the rights and obligations of both the Company and the Government and therefore provides for a reasonable degree of certainty and security.
- Work undertaken this year has improved our knowledge of the ore body, how best to exploit it and minimise uncertainty that can appear during implementation.
- Exploration results at the Hutabargot prospect, which is within 10km of the proposed Sihayo/Sambung project confirms that areas within the CoW remain highly prospective for containing multiple exciting targets for future exploration.
- The company still enjoys the support of its major shareholders, both in terms of financial support and assistance with working with Government and regulatory bodies in Indonesia.

CHAIRMAN'S REVIEW

On behalf of the directors of the Company I would like to thank our management, employees and contractors for their efforts and commitment throughout the year and also to our shareholders for their continued support.



Peter Bilbe
Chairman

REVIEW OF OPERATIONS

Sihayo Pungkut Gold Project (75%)

The Sihayo Pungkut Gold Project (“Sihayo Pungkut”) is held under a 7th Generation Contract of Work (“CoW”). The CoW is the highest standing legal tenure achievable in the Indonesian mining industry.

The CoW describes in detail the rights and obligations of both the Company and the Government during the term of the CoW. Our CoW is currently in the Feasibility Study Phase which ends 6 October 2013 however application to extend this has been made to the Government of Indonesia. The next phase is the Construction Phase followed by a 30 year Production Phase. At the end of the Production Phase the Company has the right to two ten year extensions under the prevailing Indonesian Mining Law.

Sihayo Pungkut is located in Mandailing Natal, North Sumatra, Indonesia.

Significant projects located nearby include; G Resources Limited’s Martabe Gold/Silver Project, which contains a resource base of approximately 6 Moz Au and 60 Moz Ag and is 75km to the north of Sihayo Pungkut and PT Bumi Resource Mineral Tbk’s Dairi Lead-Zinc Project, which contains a resource base of 18 Mt at 12.6% zinc and 7.3% lead and is approximately 200km to the north.

Figure 1 below shows the Sihayo Pungkut location and other mineral deposits within Indonesia.

Sihayo Pungkut is owned by PT Sorikmas Mining (“Sorikmas”), which is 75% owned by Sihayo Gold Limited (“Sihayo”) and 25% by PT Aneka Tambang Tbk (“Antam”). Sihayo is responsible for 100% of the exploration and development funding of Sorikmas until the commencement of production. The funding is by way of loans to Sorikmas and under the terms of the Loan Agreement, Antam is required to repay its share of loans to Sihayo or other lenders to Sorikmas, from 80% of its attributable share of available cash flow from production, until its 25% share of the loans are repaid in full.

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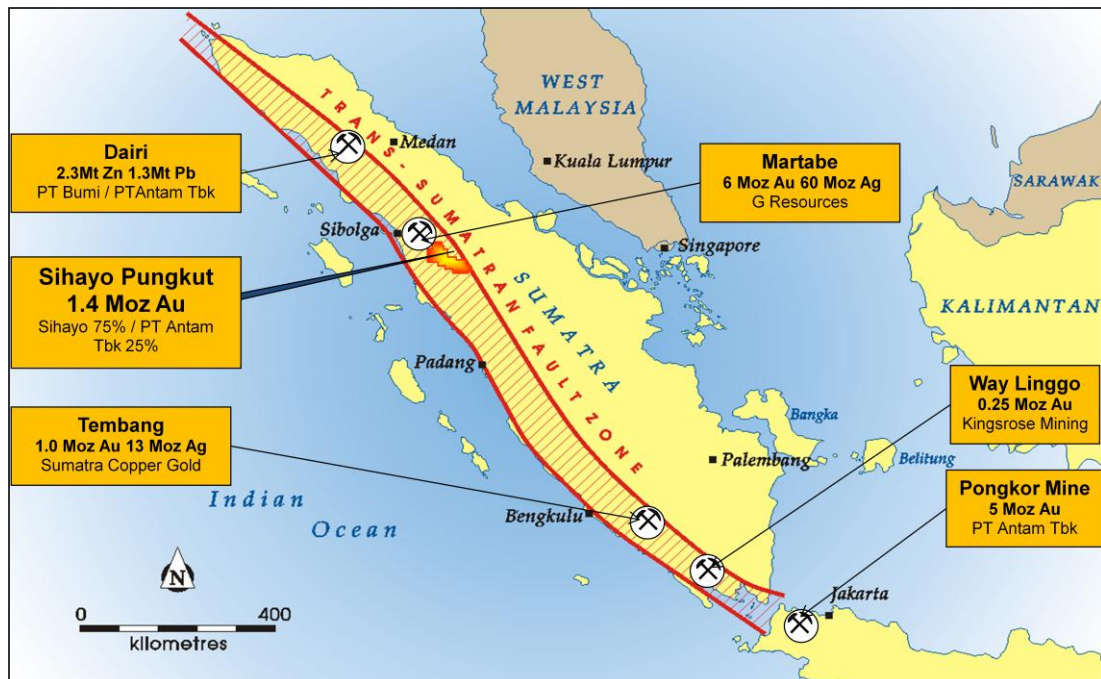


Figure 1: Significant Indonesian mineral deposits including the Sihayo Pungkut Gold Deposit

The current Sihayo Pungkut **JORC Compliant Resource** which was revised by Helman & Scholfield Consultants Pty Ltd (H&SC) in June 2013 stands at **16.9 Mt at 2.6 g/t for 1.4 Moz** comprising the larger Sihayo Resource and the smaller Sambung Resource with approximately 75% of the total resource contained within the JORC Measured & Indicated Category.

Sihayo Pungkut – Geological Setting

Sihayo Pungkut is located along the Trans Sumatra Fault Zone (“TSFZ”) and associated Neogene Magmatic Arc (“NMA”), which is the result of an oblique collision of two tectonic plates and associated subduction. A complex suite of Permian volcanics and sediments, intruded by Jurassic and Cretaceous intrusive plutons, subsequently juxtaposed or overlain by Tertiary to recent volcanics, intrusives, and sediments comprises the broader CoW area (refer to *Figure 2*).

The TSFZ has provided the plumbing and heat mechanisms to source, transport and deposit metals in favourable settings. The TSFZ is a major under explored corridor that boasts world class resources such as the **Martabe Gold/Silver Deposit**, similar tectonic settings in the Philippines (Philippine’s Fault) and Chile (Atacama Fault) are analogous to the TSFZ and host major gold and copper deposits.

By any measure, **Sihayo Pungkut is strategically located in a world class geological address.**

In addition to the current JORC Compliant Resource of **1.4 Moz Au**, there are over twenty (20) identified prospects of carbonate-hosted gold, low to intermediate -sulphidation epithermal-vein gold; gold-copper skarn, copper-gold porphyry, and lead-zinc skarn style mineralisation spread across the highly prospective CoW area and these prospects will be the subject of future exploration activities.

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Figure 2, below shows the location of the Sihayo - Sambung Resources and key exploration prospects across the CoW.

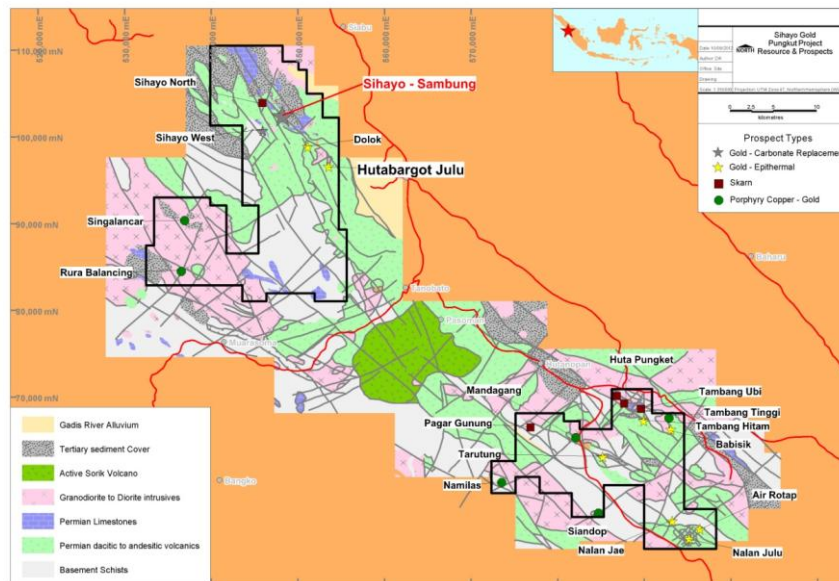


Figure 2: Sihayo Pungkut Gold Project – JORC Resource, key prospects and regional geology

REVIEW OF OPERATIONS

Sihayo Pungkut – Feasibility Study

Following our decision to re-examine and potentially re-configure the Project, the Company has developed a plan for mining the near surface mineralisation (“Stage 1”) at the Sihayo deposit as part of a proposed staged development strategy. Indicative results are highlighted as follows;

- 4.6Mt Ore mined @ 2.4g/t Au
- Waste to ore strip ratio 1.8: 1
- Processing Rate 750ktpa
- 276,000 Ounces of recovered gold produced (includes 264,500oz from Measured & Indicated ore and 11,500oz from Inferred ore)
- Initial 6 year Stage 1 mining period
- Average Processing recoveries 78%
- Average Site Cash Operating Costs US\$635/oz¹ (assumes diesel fuel power supply)
- Construction Capital Estimate US\$55M – US\$60M equates to US\$208/oz (includes diesel power generation and excludes contingency)

Note: 1. LOM Average Site Cash Operating Costs do not include a total of US\$10.9m to be spent over the full 6 years of Stage 1 for tailings storage facility construction.

During the past year our major focus has been;

- progress on the Statutory permitting and approvals,
- improving confidence in the Resource model in order to reduce production risk during initial mining;
- completion of detailed metallurgy test work program;
- finalisation of waste storage facilities and development of the project financial model.

Having developed our planning for Stage 1, we continue our efforts to realise significant value from the remaining gold ounces contained within the total JORC Compliant Resource. A further 700,000 ounces remains within the Measured and Indicated Resource category that is being considered for extraction via either surface and/or underground mining from subsequent stages of the Project.

Permitting & Approvals

Presentations have continued at Central, Regional and Local Government levels in relation to the AMDAL Permit (Environment and Social Impact). Work continues on the preparation of the Government of Indonesia Feasibility Study and the Closure & Reclamation Plans, which are all requirements under the Contract of Work system.

Metallurgical Test Work

The delays in completing this testwork have related to logistical issues associated with the movement of samples between Indonesia and Australia. As a result, priority has been given to testwork associated with near surface mineralisation that will be processed as part of Stage 1.

The indicative Stage 1 results above reflect improved outcomes from metallurgical testwork that has been completed by Mr Peter Lewis to date and reflects coarser grinding requirements and lower retention times than previously identified.

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This test program is expected to be completed by November 2013 and incorporated within the feasibility study.

Waste Storage Facilities

The disposal of waste from mining and processing represents a significant project cost given the location of the project on top of a ridgeline and the requirement for trucking to a suitable storage valley location adjacent to the Sihayo pit.

A trade-off study in relation to tailings storage has identified that given consideration of community concerns over water and land use, the poor quality nature of material available from mining and the seismic nature of the region, a proposal to place de-watered (filtered) tailings into the tailings storage facility (TSF).

PT Ground Risk Management has completed a feasibility study design for the TSF which incorporates the use of mine waste for buttressing. This study indicates construction cost for a filter plant and operating costs for placement of tailings are more attractive than the development of a traditional wet tailing storage dam.

Feasibility Study Participants

Independent consultants have been appointed to complete components of the Feasibility Study and each consultant is considered competent in their respective discipline and where applicable has recent experience in Asia. Participants in the study include:

Hellman & Schofield Consultants Pty Ltd	Geology and JORC compliant resources
Ozmet, AMMTEC Ltd, Peter Lewis	Metallurgical test work and management
Plant and Infrastructure Engineering (PIE)	Process plant design
Contromation Services	Feasibility Study engineering, infrastructure, Capex and Opex
BDS Mining Pty Ltd, Entech Pty Ltd	Mine design, schedule, Capex & Opex
PT Ground Risk Management	Tailings Storage and geotechnical including pit wall and waste dump design
Schlumberger Water Services PtyLtd	Hydrogeology and hydrology
Golder Associates Pty Ltd, PT Lorax	Environmental baseline and AMDAL scoping

Capital Costs Estimation

Capital costs for the project are being estimated using first principles.

The capital estimates for the operation are being estimated as follows:

- by discipline for major areas of the plant including crushing, grinding and CIL circuit;
- by individual assessment of the work content for earthworks, concrete, and steel;
- factored estimates using known costs from previous projects for pipe work;
- equipment prices (new) obtained for items of mechanical equipment.

Equipment costs are being obtained from recognised Australian, European, South African and Indonesian suppliers, well known throughout the Gold and Mining Industry and known to Contromation via supplying

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other Contromation projects in the region. Quote's for all equipment are being received and a selection made base on evaluation of technical and commercial merits.

The capital cost estimate will allow for all costs to design, procure, transport, erect, install and commission the processing plant and infrastructure.

A number of power supply options remain for the project as potential solutions. A solid fuel (coal or palm kernel shell) power plant has the potential to significantly reduce processing costs however this will require additional capital. A full evaluation of alternatives will take place as part of the financial modelling.

Operating Costs Estimation

Operating costs for the project are being estimated using first principles.

Costs are being determined by reference to a variety of sources, including:

- test work results;
- suppliers quotations;
- Contromation data base for similar size operations; and
- first principle estimates.

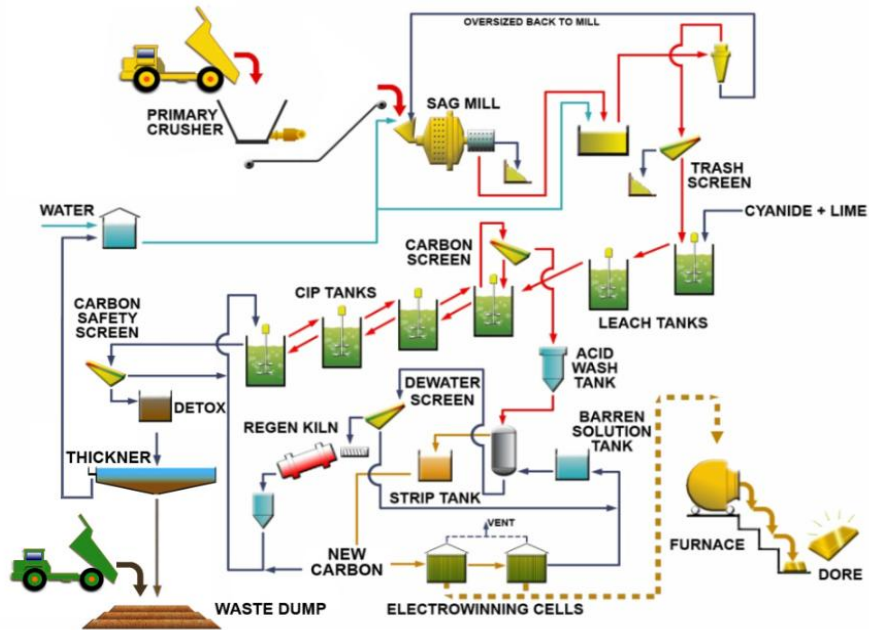
The costs are being developed for a plant capacity of 750 Ktpa.

The treatment plant availability has been estimated at 91.3% or 8,000 hrs/yr, including scheduled and unscheduled maintenance.

Mining costs based on an approach that combines owner miner and contract operations are being costed on first principles and industry experience by BDS Mining and Entech.

The diagram below provides an indication of the standard CIL plant configuration.

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Sihayo Pungkut – Geology & Resource Estimate

A 32-hole infill drilling program designed to upgrade the near surface mineralisation within the Sihayo Resource from Indicated to Measured status was completed. The drilling program covered all the material expected to be mined in the initial years of the project.

An updated Sihayo-Sambung Mineral Resource Estimate has been reported in accordance with the JORC guidelines and code and containing **16.9Mt at 2.6 g/t Au containing 1.4Moz.**

This update includes all remaining infill drill results at the Sihayo and Sambung deposits and is based on Mineral Resource Estimates review and work undertaken by H&S Consultants Pty Ltd.

See Table 1 below for full details of the Sihayo and Sambung JORC Resources.

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Table 1: Sihayo Pungkut Gold Project JORC Resource Inventory

Resource	Tonnage (Mt)	Grade Au (g/t)	Contained Gold ounces	JORC Classification	Au Cut-off grade (g/t)
SIHAYO	2.4	2.8	218,000	Measured	1.2
	9.2	2.5	747,000	Indicated	1.2
	3.7	3.0	357,000	Inferred	1.2
	15.3	2.7	1,322,000	Measured & Indicated & Inferred	1.2
SAMBUNG	0.5	2.1	32,000	Measured	1.2
	1.0	2.0	65,000	Indicated	1.2
	0.1	2.0	6,000	Inferred	1.2
	1.6	2.0	103,000	Measured & Indicated & Inferred	1.2
TOTAL	16.9	2.6	1,425,000	Measured & Indicated & Inferred	1.2

Note 1: Rounding errors may occur

Note 2: Sihayo and Sambung JORC Resource estimate completed by H&SC. Competent person, Rob Spiers and Luke Burlett

Gold mineralisation at Sihayo Pungkut is contained within “Jasper” that has replaced calcareous stratigraphy. Surface mapped jasper strikes northwest along a section of the TSFZ and is intermittently exposed for approximately 4.5km. Anomalous gold in soils, is co-incident with mapped jasper, and extends about 1km to the south east of the known surface jasper. **The Sihayo Pungkut trend is potentially 5.5km in length.**

The Sihayo and Sambung JORC Resource lies on **approximately 2.7km of the potential 5.5km Sihayo Pungkut trend of gold mineralisation. The remaining 2.8km of gold mineralised strike is yet to be adequately drill tested.**

Figure 3, shows the surface projection of the JORC Resources.

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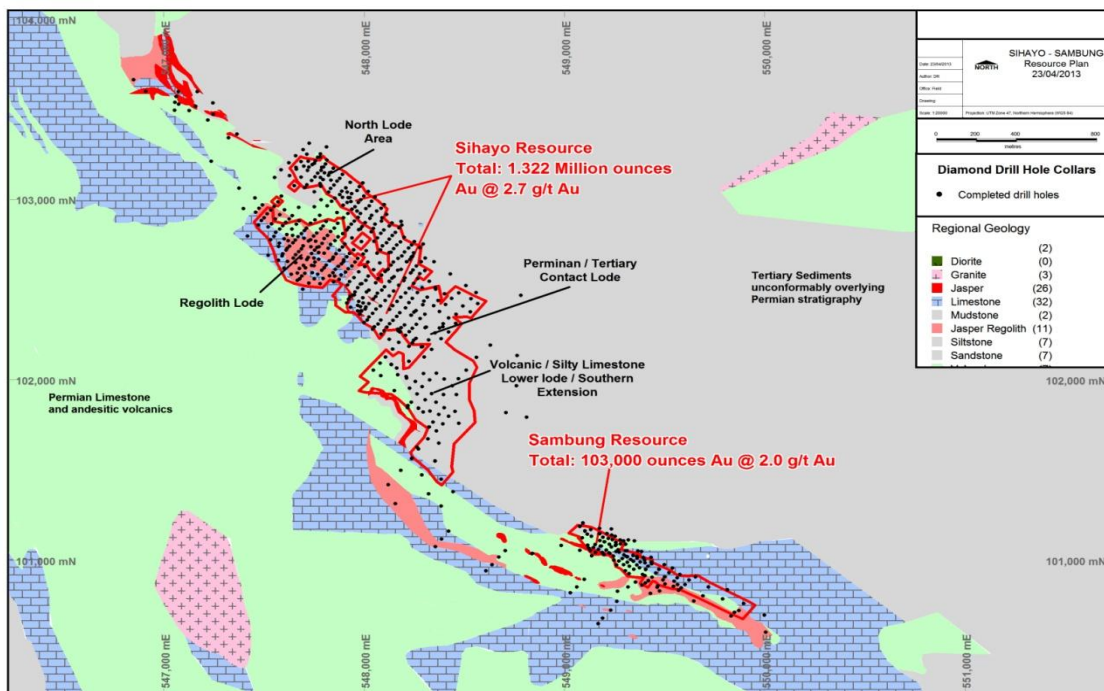


Figure 3: Sihayo mineralisation surface plan shows surface projection of Sihayo and Sambung JORC Resources

The main **Sihayo Resource 15.3Mt @ 2.7 g/t Au for 1.3 Moz** covers an area of approximately 1.5km by 0.6km and was drilled on a 25 metre by 50 metre grid or 50 metre by 50 metre grid in areas of greater geological confidence.

The resource is exposed at surface at its north-western end and extends to a depth of greater than 200 metres along strike at the south-eastern end. The resource is highly oxidised to depths of about 40 metres and there are variable levels of oxidation down to approximately 150 metres depth.

Detailed geological modelling of the Sihayo Resource has identified that lithological contacts have acted as the dominant conduits of hydrothermal fluids. These fluids have precipitated sub horizontal economic jasper lodes through replacement of calcareous stratigraphy in three hard rock settings.

In addition, a fourth setting is oxidised zones of surface regolith gold mineralisation occurring in modern karst environments.

Geological modelling through the Sambung Resource has defined three settings of gold bearing jasper mineralisation:

- 1) Structurally controlled;
- 2) Stratigraphy controlled; and
- 3) Surface regolith.

The major control of the Sambung Mineralisation is a series of normal faults within the greater TSFZ. These faults have strike extent and known gold mineralisation outside of currently defined JORC Compliant Resource. Notably, high grade silver has been intersected in the Sambung Resource and the significance of

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this will be addressed in the next JORC Resource upgrade report. Resource extension drilling is planned for the future to test the **shallow high grade gold** mineralisation extents of this fault system adjacent to the Sambung Resource.

The cross section diagrams below highlight the continuity and geological confidence at the main **Sihayo Resource 15.3Mt @ 2.7 g/t Au for 1.3 Moz.**

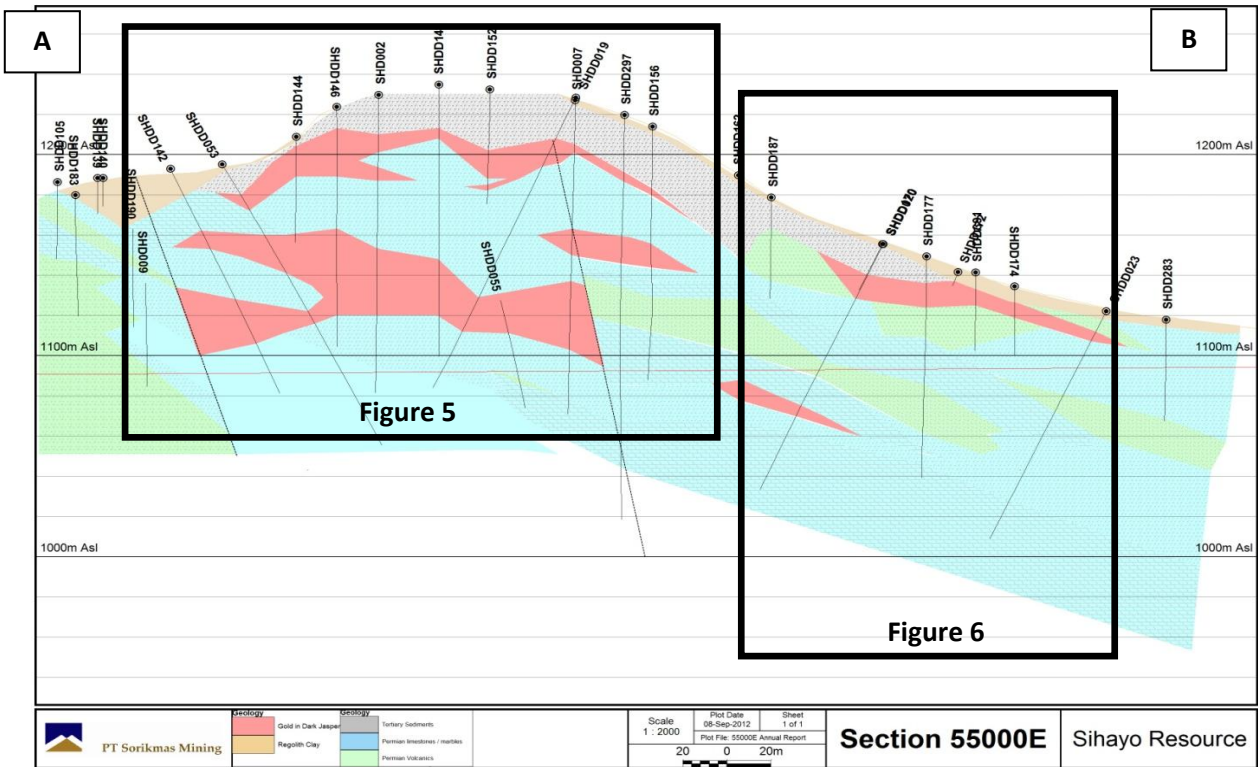


Figure 4: Geology Cross Section 55000E of Sihayo Resource looking NW.

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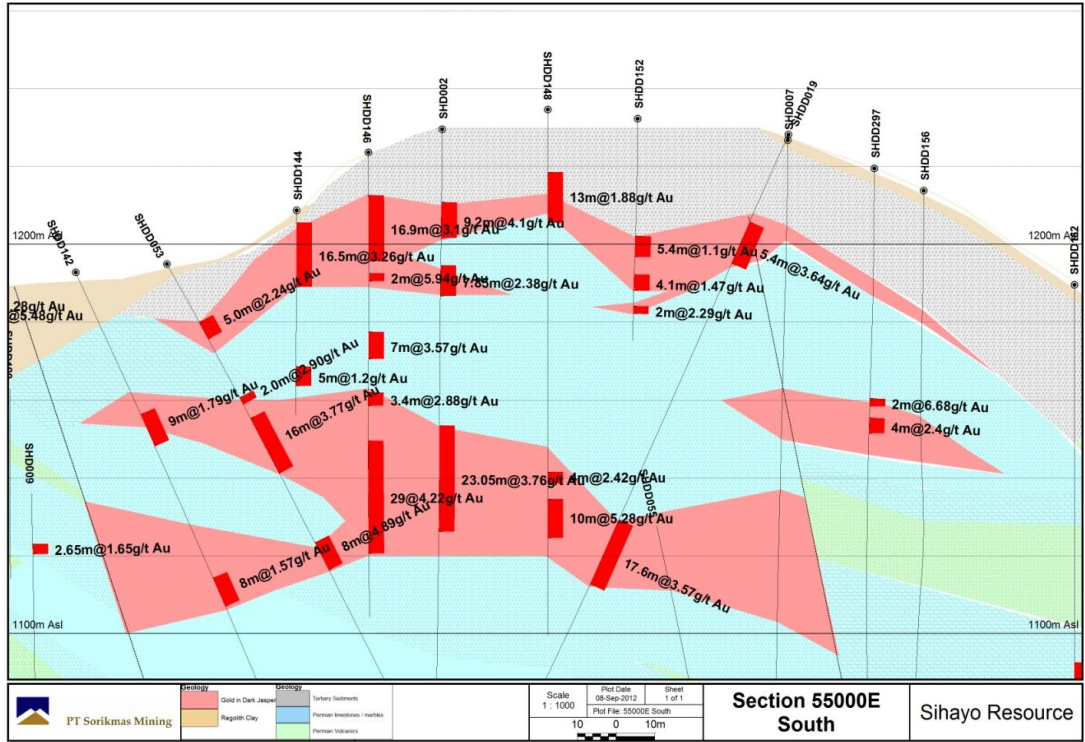


Figure 5: Enlargement of cross section 55000E shows significant gold intercepts.

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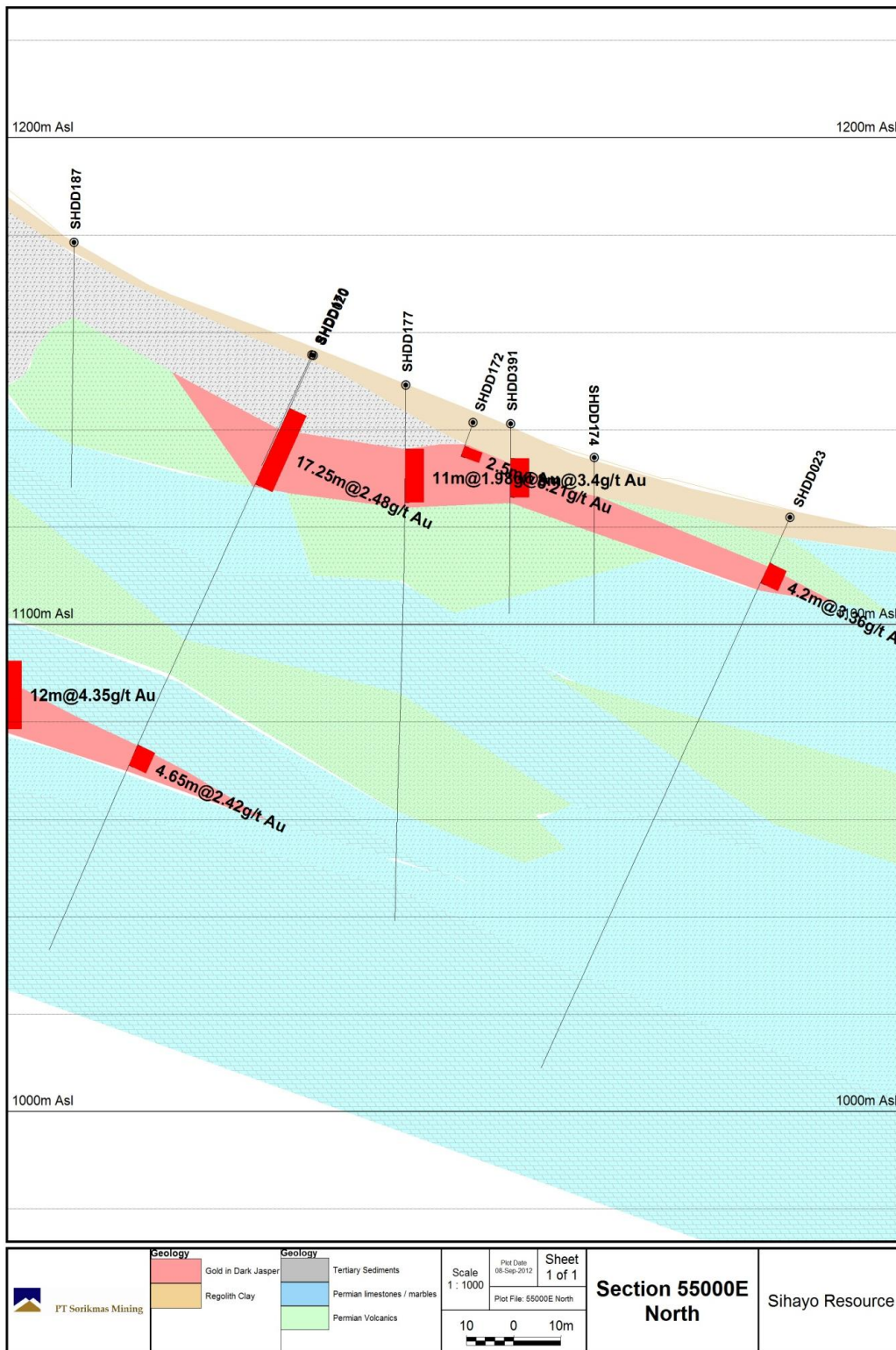


Figure 6: Enlargement of cross section 55000E showing significant gold intercepts.

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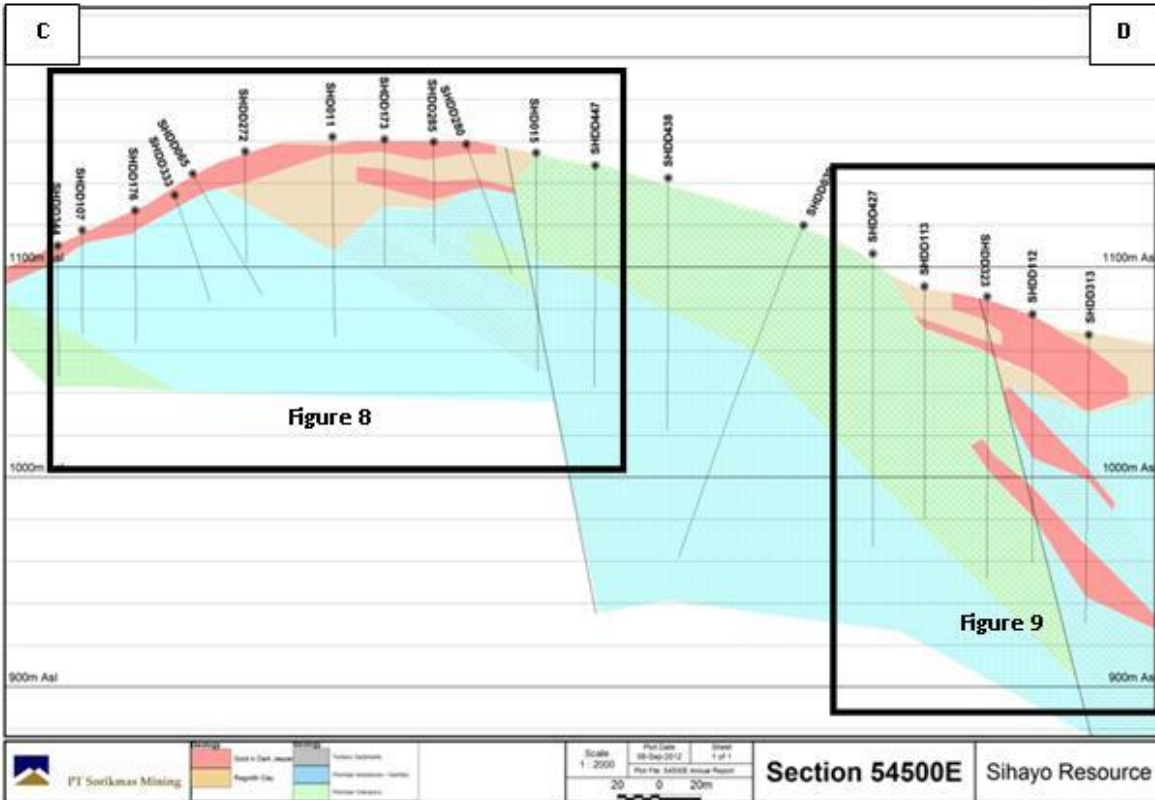


Figure 7: Geology Cross Section 54500E of Sihayo Resource looking NW.

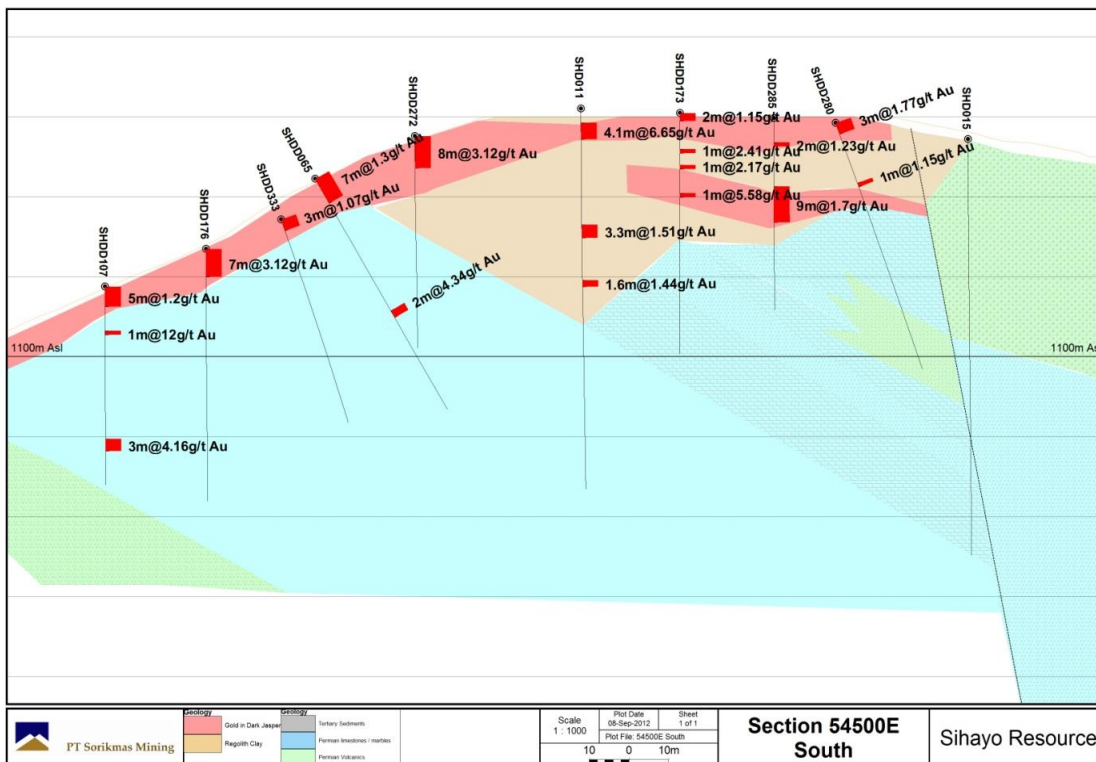


Figure 8: Cross Section Enlargement 54500E shows significant gold intercepts.

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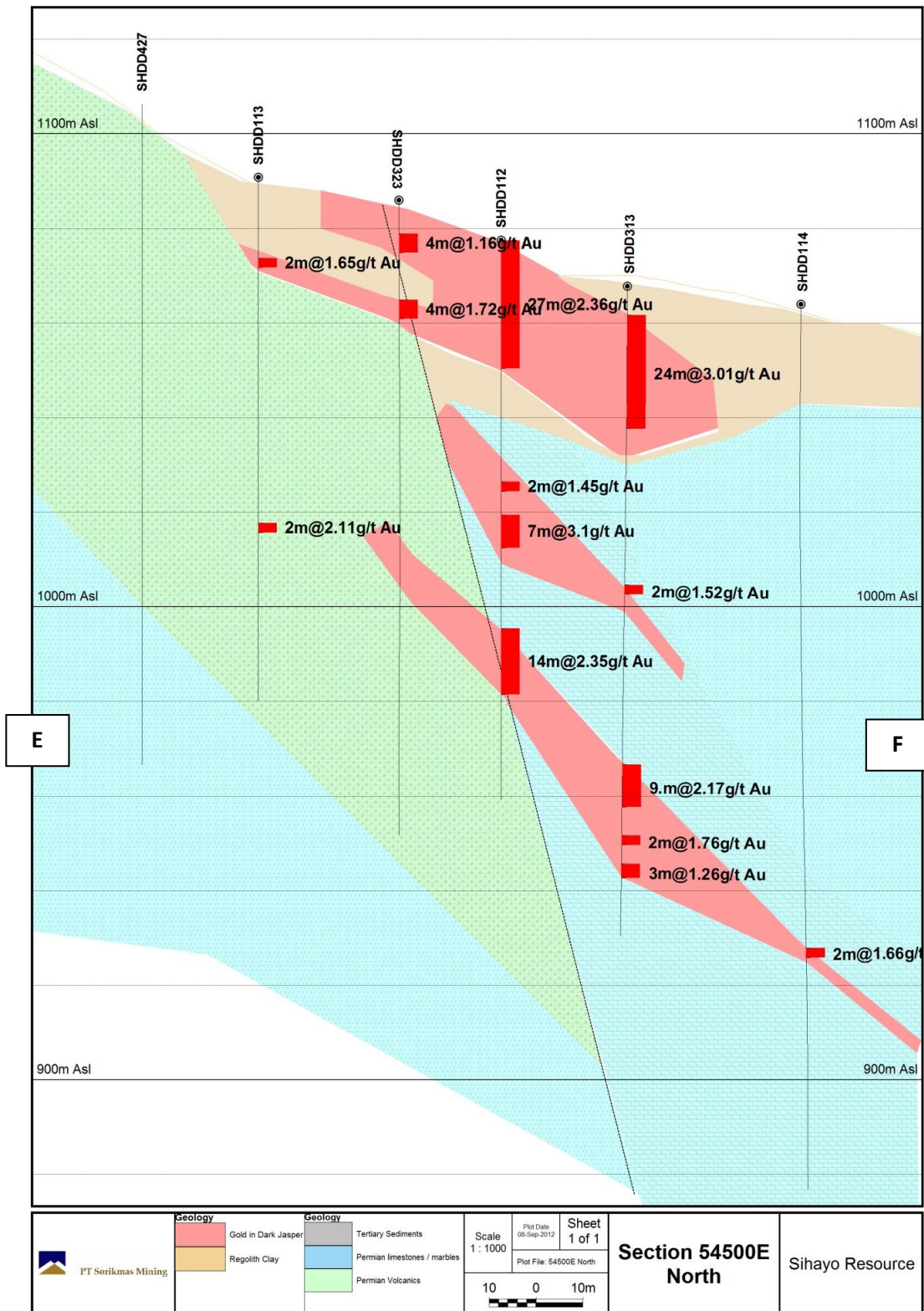


Figure 9: Enlargement of cross section 54500E showing significant gold intercepts.

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Regional Exploration – Hutabargot Julu Epithermal Prospect

Hutabargot Prospect Drilling

The Hutabargot Julu prospect is located on the south eastern portion of the **11.5km long Sihayo-Hutabargot mineralised trend** (refer to Figure 10 below). The prospect is about 10km southeast from the **Sihayo-Sambung Resource**. In the future, an access road could be constructed linking the Hutabargot Julu prospect to the Sambung Resource.

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

A data review and field visit by Australian-based consultant, Ben Nicolson, culminated in a scout drilling program targeting three areas along the approximate 4 km North-South mineralised structure for gold-silver mineralisation. This structure has the potential to host **high grade gold ore shoots within 10 km of the proposed Sihayo-Sambung CIL processing plant**. The potential size of the gold/silver shoots ranges from smaller satellite zones to larger standalone targets. Scout drilling of these targets commenced on the 1st November 2012 and was completed on the 17th of January 2013. Three targets have been tested by 15 drill holes for 1626.5m of drilling.

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

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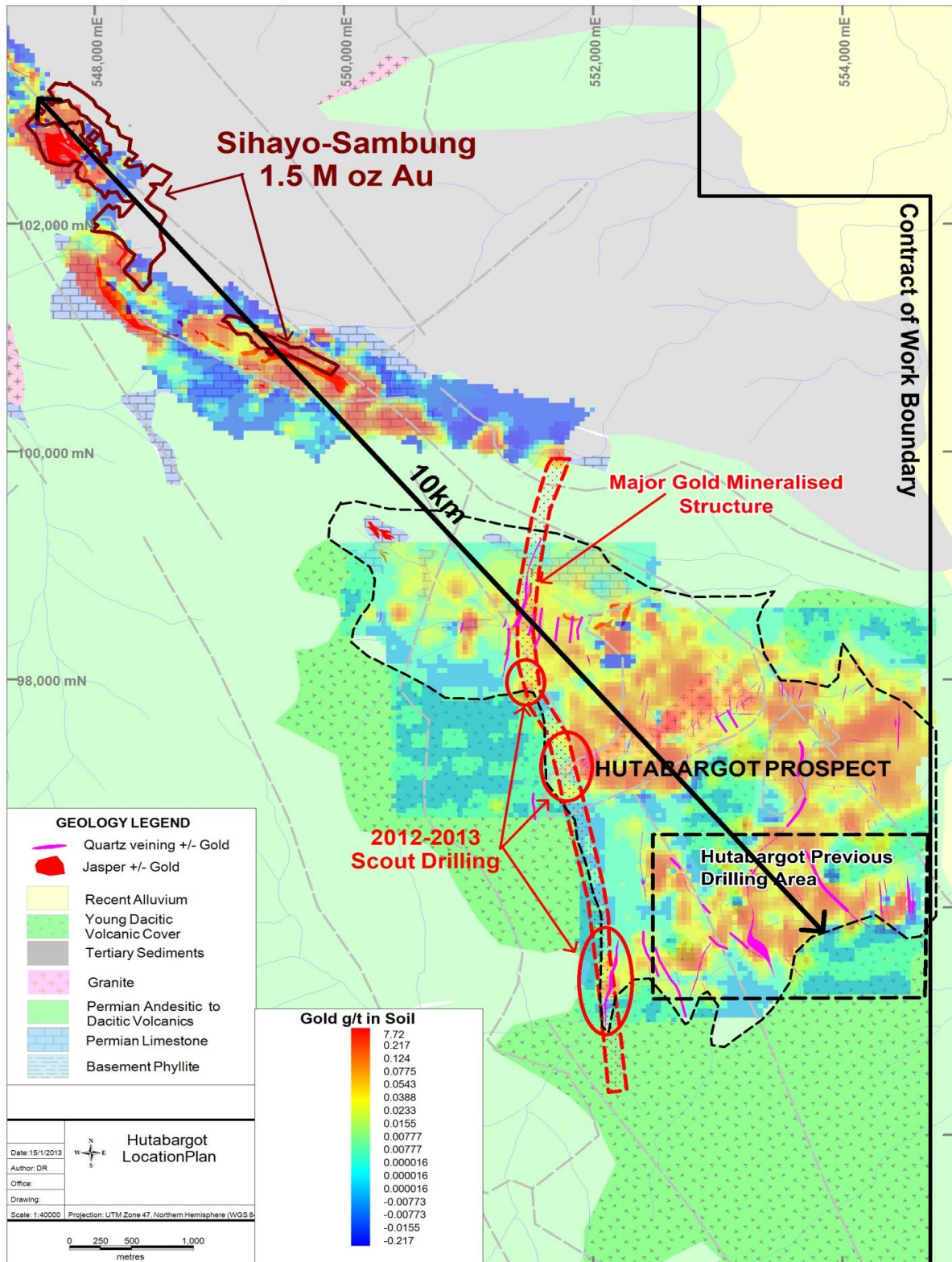


Figure 10: Hutabargot Julu Location

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West Sihayo Surface Exploration

During the reporting period 107 rock chip samples and 474 soil samples were collected during pointed geological mapping traverses in the West Sihayo region. Figure 12 shows the areas where rock chips and soil samples were collected and highlights the high gold grade results. Table 4 shows results for rock chips containing >5g/t Au collected during this reporting period.

Table 4: Rock chip results from Sihayo Region > 5g/t Au this reporting period

Sample_ID	North UTM	East UTM	RL	Au g/t	Ag g/t	As ppm	Cu ppm	Pb ppm	Zn ppm	Sb ppm	Mo ppm
1004475	101227	545083	899	10.60	4	64	11	10	24	41	1
1004488	100998	544929	895	6.97	<1	4680	10	17	51	13	<1
1004491	101000	544931	895	9.26	<1	4190	17	28	63	14	1
1004495	101003	544934	895	18.80	<1	7800	9	14	44	16	1

Notes

1. All Au assays determined by 50gm fire assay with AAS finish by Intertek- Caleb Brett Laboratories of Jakarta
2. All Ag& base metal assays determined by Hydrochloric/Perchloric digestion with AAS finish by Intertek- Caleb Brett Laboratories of Jakarta

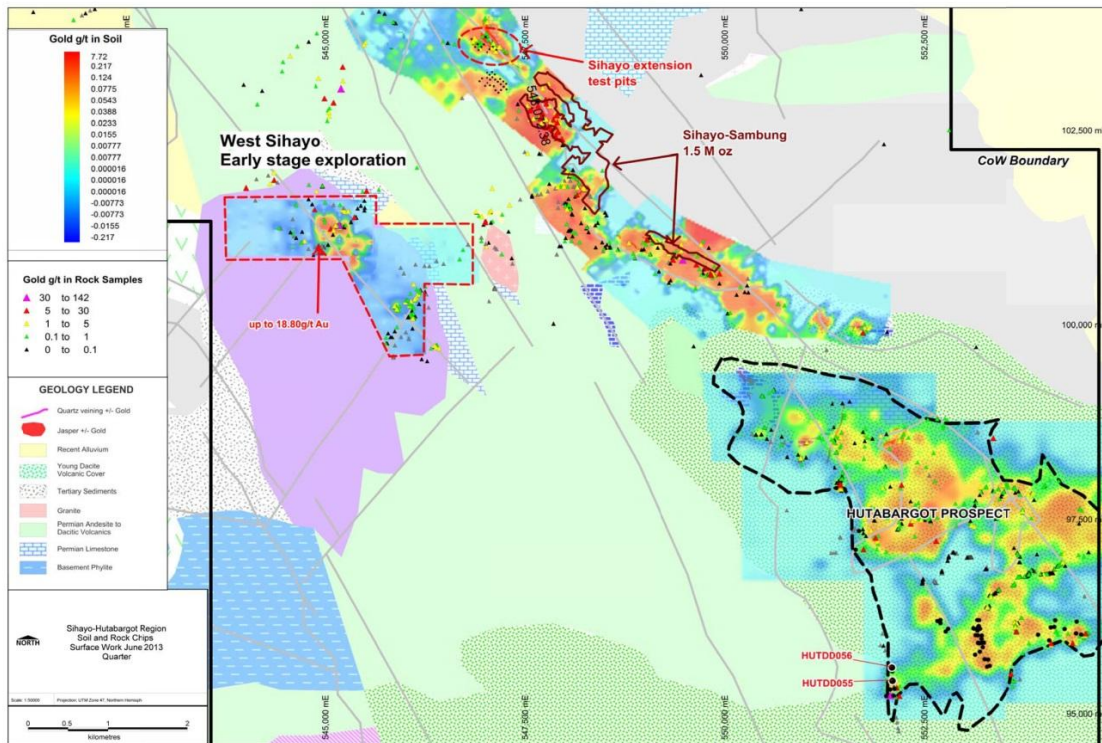


Figure 12: Geological mapping and rock and soil sampling.
Areas highlighted in dashed red lines are the main surface work areas.

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Other Exploration

Ongoing exploration areas such as Tambang Tinggi, Babisik, and other potential prospects make the CoW a very exciting area and are included ongoing pipeline of exploration projects to be addressed as funds are available.

Sihayo Pungkut – Corporate Social Responsibility (CSR) Programmes

The local communities surrounding the Sihayo Pungkut Project depend upon agricultural products as their primary source of income. As such, during the exploration phase the Company has been investing, with variable levels of success, in sustainable agriculture based programmes in order to identify opportunities for sustainable projects aimed at improving livelihoods.

Ahead of the potential project development the Company has completed stakeholder mapping during the period associated with Government permitting and approvals. Golder Associates has delivered on an Environmental and Social Impacts Assessment that has enabled a review of the CSR Strategy.

Figure 13 represents the proposed CSR Strategy.



Figure 13: Proposed CSR Strategy

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Other Projects

Malawi – Uranium exploration (100%)

All activities have been ceased and leases that may have been held have lapsed

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

Sihayo Resource

Information that relates to Mineral Resource Estimates at the Sihayo project is based on information compiled by or under the supervision of Mr Robert Spiers, who is an independent consultant and Director of H&S Consultants to Sorikmas Mining Ltd. Mr Spiers has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as an Independent Competent Person as defined in the 2004 edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves' and an Independent Qualified Person as defined in the Canadian National Instrument 43-101 (standards of Disclosure for Mineral Projects). Mr Spiers is a Member of the Australian Institute of Geoscientists and a full time employee of H&S Consultants. Mr Spiers consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

The Sihayo deposit was estimated by H&S Consultants using Ordinary Kriging constrained by mineralisation envelopes prepared using a nominal 0.3g/t gold cut-off grade as put forth by the Sorikmas Mining Ltd. A down-hole intercept length of 1m was adopted for modelling and the primary block dimensions used in the Sihayo model were 12.5m EW by 12.5m NS by 2.5m vertical. Bulk density was estimated as an attribute of the modelling process and was assigned to the modelling data prior to modelling via a matrix which characterised bulk density based on sample lithological attributes and oxidation state from a data set of 609 bulk density determinations. Historical bulk density sampling outcomes were not employed.

Sambung Resource

Information that relates to Mineral Resource Estimates at the Sambung project is based on information compiled by or under the supervision of Mr Luke A Burlet, who is an independent consultant and Director of H&S Consultants to Sorikmas Mining Ltd. Mr Burlet has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as an Independent Competent Person as defined in the 2004 edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves' and an Independent Qualified Person as defined in the Canadian National Instrument 43-101 (standards of Disclosure for Mineral Projects). Mr Burlet is a Member of the Australian Institute of Geoscientists and a full time employee of H&S Consultants. Mr Burlet consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

The Sambung deposit was estimated by H&S Consultants using Ordinary Kriging constrained by mineralisation envelopes prepared using a nominal 0.3g/t gold cut-off grade as put forth by the Sorikmas Mining Ltd. A down-hole intercept length of 1m was adopted for modelling and the primary block dimensions used in the Sambung model were 12.5m EW by 12.5m NS by 2.5m vertical. Bulk density was estimated as an attribute of the modelling process and was assigned to the modelling data prior to modelling via a matrix which characterised bulk density based on sample lithological attributes and oxidation state from a data set of 1292 bulk density determinations. Historical bulk density sampling outcomes were not employed.

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.

DIRECTORS' REPORT

Your directors present their report on the consolidated entity consisting of Sihayo Gold Limited ("Sihayo Gold, or the Company") and the entities it controlled at the end of, or during the year ended 30 June 2013 ("the reporting period").

DIRECTORS

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

Misha Collins

Peter Bilbe

Gavin Caudle

John Blake

Paul Willis (resigned 14 Jan 13)

PRINCIPAL ACTIVITIES

The principal activities of the consolidated entity during the course of the financial year were the continuing development of the Sihayo Pungkut Gold project. There were no significant changes in the nature of those activities during the financial year.

DIVIDENDS

No dividends have been paid or declared since the end of the previous financial year and no dividend is recommended in respect of this financial year.

REVIEW OF OPERATIONS

The review of operations is detailed at pages 6-24.

OPERATING RESULTS

During the financial year the consolidated entity incurred a consolidated operating loss after income tax of \$9,939,432 (2012: \$9,711,061).

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

There have been no significant changes in the state of affairs of the corporate group for the 2013 financial year.

EMPLOYEES

The consolidated entity employed 153 employees as at 30 June 2013 (2012: 243 employees)

CORPORATE STRUCTURE

The Company has 929,315,522 ordinary shares on issue and a total of 4,000,000 of options on issue as at the date of this report.

The corporate group consists of the parent entity Sihayo Gold Limited, its 100% owned subsidiaries Inland Goldmines Pty Ltd, Excelsior Resources Pty Ltd, Oropa Technologies Pty Ltd, Oropa Indian Resources Pty Ltd, Oropa Exploration Pty Ltd and Aberfoyle Pungkut Investments Pte Ltd. Aberfoyle Pungkut Investments Pte Ltd holds a 75% interest in PT Sorikmas Mining, with an Indonesian Government mining company PT Aneka Tambang Tbk holding the remaining 25%.

LIKELY FUTURE DEVELOPMENTS

Details of important developments occurring in this current financial year have been covered in the review of operations.

Further information on likely developments in the operations of the consolidated entity and the expected results have not been included in this report because the directors believe it would be likely to result in unreasonable prejudice to the consolidated entity.

DIRECTORS' REPORT

FINANCIAL POSITION

The net assets of the consolidated entity as at 30 June 2013 are \$29,836,930 (2012: \$28,346,004).

ENVIRONMENTAL REGULATION

The consolidated entity has assessed whether there are any particular or significant environmental regulations which apply. It has determined that the risk of non-compliance is low, and has not identified any compliance breaches during the year.

INFORMATION ON DIRECTORS

Details of the directors of the Company in office at the date of this report are:

Misha A Collins

(Non Executive Director)

Experience and expertise

Mr Collins brings extensive financial and capital markets experience to the Board as well as having a complementary technical background in metallurgy and 14 years of experience in financial markets with particular emphasis on gold and mining business analysis. He was employed by BT Funds Management for an 11 year period as an equity analyst covering both domestic and international markets together with the formulation of capital market strategies and commodity forecasting and currently operates his own investment and trading business.

Mr Collins holds a Bachelor of Engineering in Metallurgy, graduating with First Class Honours from the RMIT University, a Graduate Certificate in Banking and Finance from Monash University and a Graduate Diploma in Applied Finance and Investment from the Financial Services Institute of Australia. He also completed the CFA program with the US based CFA Institute and has been awarded the Chartered Financial Analyst designation (CFA).

Directorships of Other ASX Listed Companies

Ask Funding Limited

Former ASX Listed Companies Directorships in last 3 years

No former directorships

Special responsibilities

Audit committee chairman

Remuneration committee member

Interests in shares and options

14,529,574 ordinary shares in Sihayo Gold Limited (held indirectly)

Gavin Caudle

(Non Executive Director)

Experience and expertise

Mr Caudle has over 25 years experience in the finance and investment sectors in Australia, Singapore and Indonesia. Starting his career at Arthur Andersen Australia, he eventually became a partner based in the Jakarta office. He joined Citigroup in 1998 in Indonesia and held positions as Head of Mergers and

DIRECTORS' REPORT

INFORMATION ON DIRECTORS (continued)

Acquisitions and Head of Private Equity at Citigroup and Country Head of the Investment Bank at Salomon Smith Barney.

Since 2003, together with his partners, Gavin has developed numerous successful businesses including Tower Bersama Group (a telecommunications infrastructure business) and Provident Agro (a plantation business) with assets valued at more than \$4 billion today.

Gavin and his partners bring substantial expertise in dealing with all business aspects in Indonesia, most importantly for Sihayo being:

- Track record of raising more than US\$3 billion of senior, mezzanine and equity capital over the past 7 years; and
- Expertise in dealing with forestry issues through the ownership of a substantial plantation business.

Directorships of Other ASX Listed Companies

Sumatra Copper and Gold Limited
Finders Resources Limited

Former ASX Listed Companies Directorships in last 3 years

No former directorships

Special responsibilities

Audit committee member

Interests in shares and options

6,613,984 ordinary shares (held directly)
79,470,700 ordinary shares (held indirectly)

Peter R Bilbe

(Chairman & Non Executive Director)

Experience and expertise

Peter Bilbe brings over 40 years of corporate, operational and international mining industry experience to the Company covering the full range of mining industry management positions. He holds a Bachelor of Engineering (Mining)(Hons) degree from the University of New South Wales (1974), is a member of AusIMM and holds various Mine Manager's Certificates of Competency.

From 2004 to 2007, Peter was Managing Director and Chief Executive Officer, Aztec Resources Limited ("Aztec") which successfully developed the Koolan Island Iron Ore Project from exploration and bankable feasibility study through to financing, construction and operation.

Peter's substantial gold industry experience over some 20 years includes all aspects of narrow vein and large scale open pit and underground gold projects at Papua New Guinea (Morobe Gold Project, Hidden Valley), Kalgoorlie Consolidated Gold Mines Limited (the Golden Mile, Kalgoorlie, WA), the Norseman goldfield (WA) and in South Africa.

DIRECTORS' REPORT

INFORMATION ON DIRECTORS (continued)

Peter brings a very significant depth and breadth of mining industry experience to the Board of Sihayo Gold and this will be of particular value to the Company as we progress through the feasibility and development process of the Sihayo Gold project in North Sumatra, Indonesia.

Directorships of Other ASX Listed Companies

Northern Iron Limited
Independence Group NL

Former ASX Listed Companies Directorships in last 3 years

Norseman Gold Mines plc

Special responsibilities

Audit committee member
Remuneration committee member

Interests in shares and options

1,920,000 ordinary shares (held indirectly)

William John Blake

(Non Executive Director)

Experience and expertise

Mr Blake brings over 30 years of international mining industry experience to the Company, including over 13 years in senior management roles in Indonesia.

Mr Blake is President and CEO of Luna Gold, TSX listed gold mining in Canada. He holds a Masters Degree in Engineering Science (Mining Engineering) from the University of New South Wales, Masters Degree in Business Administration (Technology Management) from Deakin University and Doctor of Business Administration (Gold Hedging) from University of South Australia, and is a member of AusIMM.

Mr Blake was CEO of Australian Solomons Gold Ltd, a company developing the 2 million ounce Gold Ridge Gold mine in the Solomons Islands. Mr Blake was a Director of Agincourt Resources Limited and President Director, PT Agincourt Resources Limited (Indonesia). This role focused on the full permitting and Bankable Feasibility Study ("BFS") of the Martabe gold/silver project located in North Sumatra, Indonesia.

Prior to this Mr Blake was General Manager and Director of Operations for PT Nusa Halmahera Minerals, North Maluku, Indonesia, a subsidiary of Newcrest Mining Ltd ("Newcrest") responsible for construction and operation of the Gosowong Gold Mine and the Toguraci Gold Mine and development from discovery to feasibility, permitting and production of the Kencana Underground Mine now producing 450,000 ounces of gold per annum.

Directorships of Other ASX Listed Companies

None

DIRECTORS' REPORT

Former ASX Listed Companies Directorships in last 3 years

Agincourt Resources Limited

INFORMATION ON DIRECTORS (continued)

Special responsibilities

Remuneration committee chairman

Interests in shares and options

1,500,000 ordinary shares (held indirectly)

Stuart Gula

(Chief Executive Officer (CEO))

Experience and expertise

Mr Gula has over 25 years management experience in the mining sector in Australia, North America, Africa and Asia. Among many other achievements, his experience includes successful construction completion, commissioning and production of two gold projects in China and Africa and has successfully participated in varied levels of management on feasibility studies for many other projects. He most recently held the position of Group General Manager, Mining - North America for Nyrstar. Nyrstar is a European based integrated metals and mining company with a market capital in excess of USD 1 billion. Mr Gula holds a Bachelors degree in Engineering (mining major) and a Masters of Business Administration (Technology Management).

Company Secretary

The company secretary is Mr Daniel Garry Nolan. Mr Nolan was appointed to the position of company secretary on 1 July 2011. Mr Nolan has worked in finance and accounting for more than 30 years. He has held senior finance positions in Australia, Cambodia, Vietnam and Indonesia. Immediately before joining Sihayo he held senior management roles in the Saratoga Group in Indonesia. Prior to that he was a senior finance executive at Telstra for 10 years in Australia, Cambodia and Indonesia. Mr Nolan holds a Bachelor of Business from Monash University and a Certificate in Governance and Risk Management from Chartered Secretaries Australia.

MEETINGS OF DIRECTORS

The following table sets out the number of meetings of the Company's directors held during the year ended 30 June 2013, and the number of meetings attended by each director. (Note that meeting attendance may have been completed via telephone conferencing.)

	Number eligible to attend	Number Attended
M Collins	6	6
P Willis (resigned 14/1/13)	5	5
Gavin Caudle	6	4
P Bilbe	6	6
W J Blake	6	6

DIRECTORS' REPORT

REMUNERATION REPORT (AUDITED)

Sihayo Gold Limited has established a remuneration committee comprising of Misha Collins, John Blake and Peter Bilbe as at the date of this report.

The responsibilities and functions of the Remuneration Committee are as follows:

- 1) review the competitiveness of the Company's executive compensation programs to ensure:
 - (a) the attraction and retention of corporate officers;
 - (b) the motivation of corporate officers to achieve the Company's business objectives; and
 - (c) the alignment of the interests of key leadership with the long-term interests of the Company's shareholders;
- 2) review trends in management compensation, oversee the development of new compensation plans and, when necessary, approve the revision of existing plans;
- 3) review the performance of executive management;
- 4) review and approve Chairperson and Chief Executive Officer goals and objectives, evaluate Chairperson and Chief Executive Officer performance in light of these corporate objectives, and set Chairperson and Chief Executive Officer compensation levels consistent with Company philosophy;
- 5) approve the salaries, bonus and other compensation for all senior executives, the committee will recommend appropriate salary, bonus and other compensation to the Board for approval;
- 6) review and approve compensation packages for new corporate officers and termination packages for corporate officers as requested by management;
- 7) review and approve the awards made under any executive officer bonus plan, and provide an appropriate report to the Board;
- 8) review and make recommendations concerning long-term incentive compensation plans, including the use of share options and other equity-based plans. Except as otherwise delegated by the Board, the committee will act on behalf of the Board as the "Committee" established to administer equity-based and employee benefit plans, and as such will discharge any responsibilities imposed on the committee under those plans, including making and authorising grants, in accordance with the terms of those plans; and
- 9) review periodic reports from management on matters relating to the Company's personnel appointments and practices.

Principles used to determine the nature and amount of remuneration

- Non-executive directors receive fees in cash. The fees are fixed and approved by shareholders.
- Where non-executive directors provide services in their area of expertise they receive payment at normal commercial rates.
- There are no executives (other than directors) with authority for strategic decision and management.
- The remuneration of the directors is not linked directly to the performance of the Company.

Details of remuneration

Details of the remuneration of key management personnel and related parties of Sihayo Gold Limited, including their personally related entities are set out below for the year ended 30 June 2013:

DIRECTORS' REPORT

REMUNERATION REPORT (AUDITED) (continued)

2013	Short-term		Post Employment		Long Term		Equity	Total	Performance related %
	Name	Cash Salary & Fees	Non Monetary Benefits	Super-annuation	Retirement Benefits	Incentive Plans	LSL		
M Collins	49,050	2,509	-	-	-	-	-	51,559	-
P Willis	171,827	1,114	-	-	-	-	-	172,941	-
P Bilbe	65,000	2,509	5,850	-	-	-	-	73,359	-
W J Blake	45,000	2,509	-	-	-	-	-	47,509	-
G Caudle	45,000	2,509	-	-	-	-	-	47,509	-
G Entwistle	104,684	-	3,167	-	-	-	-	107,851	-
D Rowley	291,668	-	-	-	-	-	-	291,668	-
D Nolan	156,000	-	-	-	-	-	-	156,000	-
S Gula ⁽¹⁾	270,254	-	-	-	-	-	42,165	312,419	13.5%
B Cope	74,157	-	-	-	-	-	-	74,157	-
Total	1,272,640	11,150	9,017	-	-	-	42,165	1,334,972	3.2%

(1) S Gula relocated from Australia to Indonesia. The point relocation costs amounted to \$15,000, this is included in his remuneration.

2012	Short-term		Post Employment		Long Term		Equity	Total	Performance related %
	Name	Cash Salary & Fees	Non Monetary Benefits	Super-annuation	Retirement Benefits	Incentive Plans	LSL		
M Collins	49,050	2,230	-	-	-	-	-	51,280	-
P Willis	350,304	2,230	-	-	-	-	-	352,534	-
P Bilbe	61,165	2,230	9,685	-	-	-	-	73,080	-
W J Blake	45,000	2,230	-	-	-	-	-	47,230	-
G Caudle	45,000	2,230	-	-	-	-	-	47,230	-
G Entwistle	274,059	-	15,775	-	-	-	-	289,834	-
G Petersen	140,589	-	-	-	-	-	-	140,589	-
D Rowley	255,098	-	-	-	-	-	-	255,098	-
D Nolan	170,000	-	-	-	-	-	-	170,000	-
Total	1,390,265	11,150	25,460	-	-	-	-	1,426,875	-

There are no other key management personnel.

- \$49,050 in directors fees was paid to M Collins as at 30 June 2013.
- \$171,827 salary was paid to P Willis as at 30 June 2013.
- \$65,000 salary plus superannuation of \$5,850 was paid to P Bilbe as at 30 June 2013.
- \$45,000 in directors fees was paid to Blake Mining Services, a personally related entity of W J Blake, as at 30 June 2013.
- \$146,250 in directors fees was payable as at 30 June 2013 to G Caudle for fees for the year ended 30 June 2013 and in lieu of previous years directors fees.
- \$104,684 salary plus \$3,167 superannuation was paid to G Entwistle as at 30 June 2013
- \$291,668 salary was paid to D Rowley as at 30 June 2013.
- \$156,000 salary was paid to D Nolan as at 30 June 2013.

DIRECTORS' REPORT

REMUNERATION REPORT (AUDITED) (continued)

- (i) \$270,254 salary was paid to Stuart Gula as at 30 June 2013.
- (j) \$74,157 salary was paid to Brendan Cope as at 30 June 2013.

Options Granted as Part of Remuneration

30 June 2013	Granted No	Terms and Conditions for each Grant						Vested	
		Grant Date	Fair value per option at grant date (\$)	Exercise price per option (\$)	Expiry date	First Exercise date	Last Exercise date	No	%
M Collins	-	-	-	-	-	-	-	-	-
P Willis	-	-	-	-	-	-	-	-	-
P Bilbe	-	-	-	-	-	-	-	-	-
W J Blake	-	-	-	-	-	-	-	-	-
G Caudle	-	-	-	-	-	-	-	-	-
S Gula	1,000,000	01/10/2012	0.067	13 cents	01/10/2014	-	31/01/2014	-	-
S Gula	1,000,000	01/10/2012	0.055	13 cents	01/10/2015	-	31/12/2014	-	-
D Rowley	1,000,000	01/01/2013	0.022	12.5 cents	01/10/2014	-	31/01/2014	-	-
D Rowley	1,000,000	01/01/2013	0.030	12.5 cents	01/10/2015	-	31/12/2014	-	-

Options Granted as Part of Remunerations

30 June 2012	Granted No	Terms and Conditions for each Grant						Vested	
		Grant Date	Fair value per option at grant date (\$)	Exercise price per option (\$)	Expiry date	First Exercise date	Last Exercise date	No	%
M Collins	-	-	-	-	-	-	-	-	-
P Willis	-	-	-	-	-	-	-	-	-
P Bilbe	-	-	-	-	-	-	-	-	-
WJ Blake	-	-	-	-	-	-	-	-	-
G Caudle	-	-	-	-	-	-	-	-	-

Shares Granted as Part of Remuneration

No shares were issued as share based compensation to key management personnel for the year ended 30 June 2013 (2012: Nil)

DIRECTORS' REPORT

REMUNERATION REPORT (AUDITED) (continued)

Shares issued on exercise of compensation options (Consolidated)

30 June 2013	Shares Issued No	Paid per share	Unpaid per share
M Collins	-	-	-
P Willis	-	-	-
P Bilbe	-	-	-
W J Blake	-	-	-
G Caudle	-	-	-
G Entwistle	-	-	-
G Entwistle	-	-	-
D Rowley	-	-	-
D Nolan	-	-	-

Shares issued on exercise of compensation options (Consolidated)

30 June 2012	Shares Issued No	Paid per share	Unpaid per share
M Collins	-	-	-
P Willis	-	-	-
P Bilbe	1,500,000	10 cents	-
W J Blake	1,500,000	10 cents	-
G Caudle	-	-	-
G Entwistle	2,000,000	7.5 cents	-
G Entwistle	2,000,000	10 cents	-
D Rowley	-	-	-
D Nolan	-	-	-

Officer Emoluments

Fees of \$4,000 (GST exclusive) were paid to Calder Roth & Co, a Chartered Accounting firm of which provide accounting, company secretarial, taxation and other services during the year.

Directors and Officer Insurance

During the year \$11,150 was incurred for Directors and officeholders insurance, covering all directors and officeholders.

The liabilities insured are costs and expenses that may be incurred in defending civil or criminal proceedings that may be brought against the officers in their capacity as officers of entities in the consolidated entity.

SHARES UNDER OPTION

Unissued ordinary shares of Sihayo Gold Limited under option at the date of this report are as follows:

- As at the end of the reporting period, there were no listed options for Sihayo Gold Ltd shares on the Australian Stock Exchange.
- 1,000,000 CEO unlisted options exercisable at 13 cents each that expire on 1 October 2014.
- 1,000,000 CEO unlisted options exercisable at 13 cents each that expire on 1 October 2015.
- 1,000,000 unlisted options exercisable at 12.5 cents each that expire on 1 October 2014.
- 1,000,000 unlisted options exercisable at 12.5 cents each that expire on 1 October 2015.

CONVERTIBLE NOTES

There are no convertible notes held as at 30 June 2013.

DIRECTORS' REPORT

PROCEEDINGS ON BEHALF OF COMPANY

No person entitled to exercise any of the options has any right, by virtue of the options, to participate in any share issue of any other body corporate.

The names of all persons who currently hold options, granted at any time, are entered in the register kept by the Company pursuant to Section 216C of the Corporations Act 2001 and the register may be inspected free of charge.

No person has applied for leave of Court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or part of these proceedings.

The Company was not party to any such proceedings during the year.

CORPORATE GOVERNANCE

The Company's Corporate Governance Statement is set out on pages 36-47.

NON-AUDIT SERVICES

There were no non-audit services undertaken by Stantons International during the financial year.

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 35.

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



Peter Bilbe

Director

30 September 2013

30 September 2013

Board of Directors
Sihayo Gold Limited
20 Stuart Street
Bulimba QLD 4171

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 audit of the financial statements of Sihayo Gold Limited for the year ended 30 June 2013, 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 audit; and
- (ii) any applicable code of professional conduct in relation to the audit.

Yours faithfully

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



Martin Michalik
Director

CORPORATE GOVERNANCE STATEMENT

Corporate Governance Statement

Approach to Corporate Governance

Sihayo Gold Limited (**Company**) has established a corporate governance framework, the key features of which are set out in this statement. In establishing its corporate governance framework, the Company has referred to the ASX Corporate Governance Council Principles and Recommendations 2nd edition (**Principles & Recommendations**). The Company has followed each recommendation where the Board has considered the recommendation to be an appropriate benchmark for its corporate governance practices. Where the Company's corporate governance practices follow a recommendation, the Board has made appropriate statements reporting on the adoption of the recommendation. In compliance with the "if not, why not" reporting regime, where, after due consideration, the Company's corporate governance practices do not follow a recommendation, the Board has explained its reasons for not following the recommendation and disclosed what, if any, alternative practices the Company has adopted instead of those in the recommendation.

The following governance-related documents can be found on the Company's website at <http://www.sihayogold.com/view/about-us/corporate-governance>, under the section marked "Corporate Governance":

Charters

- Board
- Audit Committee
- Nomination Committee
- Remuneration Committee

Policies and Procedures

- Policy and Procedure for Selection and (Re) Appointment of Directors
- Process for Performance Evaluations
- Policy on Assessing the Independence of Directors
- Code of Conduct (summary)
- Policy on Continuous Disclosure (summary)
- Compliance Procedures (summary)
- Procedure for the Selection, Appointment and Rotation of External Auditor
- Shareholder Communication Policy
- Risk Management Policy (summary)
- Whistleblower Policy (summary)

The Company reports below on whether it has followed each of the recommendations during the 2012/2013 financial year (Reporting Period). The information in this statement is current at 30 September 2013.

CORPORATE GOVERNANCE STATEMENT

Board Roles and responsibilities of the Board and Senior Executives

(Recommendations: 1.1, 1.3)

The Company has established the functions reserved to the Board, and those delegated to senior executives and has set out these functions in its Board Charter, which is disclosed on the Company's website.

The Board is collectively responsible for promoting the success of the Company through its key functions of overseeing the management of the Company, providing overall corporate governance of the Company, monitoring the financial performance of the Company, engaging appropriate management commensurate with the Company's structure and objectives, involvement in the development of corporate strategy and performance objectives, and reviewing, ratifying and monitoring systems of risk management and internal control, codes of conduct and legal compliance.

Senior executives are responsible for supporting the Chief Executive Officer and assisting the Chief Executive Officer in implementing the running of the general operations and financial business of the Company in accordance with the delegated authority of the Board. Senior executives are responsible for reporting all matters which fall within the Company's materiality thresholds at first instance to the Chief Executive Officer or, if the matter concerns the Chief Executive Officer, directly to the Chair or the lead independent director, as appropriate.

Skills, experience, expertise and period of office of each Director

(Recommendation: 2.6)

A profile of each Director setting out their skills, experience, expertise and period of office is set out in the Directors' Report on page 26-29.

The mix of skills and diversity for which the Board is looking to achieve in membership of the Board is represented in the Board's current composition. The directors on the Board possess the following skills and experience, which the Board considers are appropriate for the Company at this stage of its development: corporate, operational and international mining industry experience; investment industry experience, financial and capital markets experience; technical skills and experience; and Indonesia experience.

Director independence

(Recommendations: 2.1, 2.2, 2.3, 2.6)

The Board has a majority of directors who are independent.

The Board considers the independence of directors having regard to the relationships listed in Box 2.1 of the Principles & Recommendations and the Company's materiality thresholds. The Board has agreed on the following guidelines, as set out in the Company's Board Charter for assessing the materiality of matters:

CORPORATE GOVERNANCE STATEMENT

- Balance sheet items are material if they have a value of: (a) more than 10%; or (b) more than \$500,000, whichever is the greater of pro-forma net asset.
- Profit and loss items are material if they will have an impact on the current year operating result of: (a) more than 10%, or (b) more than \$500,000, whichever is the greater.
- Items are also material if they impact on the reputation of the Company, involve a breach of legislation, are outside the ordinary course of business, could affect the Company's rights to its assets, if accumulated would trigger the quantitative tests, involve a contingent liability that would have a probable effect of: (a) more than 10%, or (b) more than \$500,000 whichever is the greater on balance sheet or profit and loss items, or will have an effect on operations which is likely to result in an increase or decrease in net income or dividend distribution of: (a) more than 10%, or (b) more than \$500,000 whichever is the greater.
- Contracts will be considered material if they are outside the ordinary course of business, contain exceptionally onerous provisions in the opinion of the Board, impact on income or distribution in excess of the quantitative tests, there is a likelihood that either party will default, and the default may trigger any of the quantitative or qualitative tests, are essential to the activities of the Company and cannot be replaced, or cannot be replaced without an increase in cost which triggers any of the quantitative tests, contain or trigger change of control provisions, are between or for the benefit of related parties, or otherwise trigger the quantitative tests.

The independent directors of the Company are Peter Bilbe (Chair), John Blake and Misha Collins. These directors are independent as they are non-executive directors who are not members of management and who are free of any business or other relationship that could materially interfere with, or could reasonably be perceived to materially interfere with, the independent exercise of their judgment.

The non-independent directors of the Company during the Reporting Period were Paul Willis and Gavin Caudle. Paul Willis resigned from the Board and as Chief Executive Officer on 14 January 2013.

The Chief Executive Officer is Stuart Gula (appointed 14 January 2013) who is not also Chair of the Board. For the period 1 July 2012 to 13 January 2013, Paul Willis was the Company's Chief Executive Officer, and not also Chair of the Board.

Independent professional advice

(Recommendation: 2.6)

To assist directors with independent judgement, it is the Board's policy that if a director considers it necessary to obtain independent professional advice to properly discharge the responsibility of their office as a director then, provided the director first obtains approval from the Chair for incurring such expense, the Company will pay the reasonable expenses associated with obtaining such advice.

Selection and (Re)Appointment of Directors

(Recommendation: 2.6)

In determining candidates for the Board, the Nomination Committee (or equivalent) follows a prescribed process whereby it evaluates the mix of skills, experience and expertise of the existing Board. In particular, the Nomination Committee (or equivalent) is to identify the particular skills that

CORPORATE GOVERNANCE STATEMENT

will best increase the Board's effectiveness. Consideration is also given to the balance of independent directors. Potential candidates are identified and, if relevant, the Nomination Committee (or equivalent) recommends an appropriate candidate for appointment to the Board. Any appointment made by the Board is subject to ratification by shareholders at the next general meeting.

The Board recognises that Board renewal is critical to performance and the impact of Board tenure on succession planning. An election of directors is held each year. Each director other than the Managing Director, must not hold office (without re-election) past the third annual general meeting of the Company following the director's appointment or three years following that director's last election or appointment (whichever is the longer). However, a director appointed to fill a casual vacancy or as an addition to the Board must not hold office (without re-election) past the next annual general meeting of the Company. At each annual general meeting a minimum of one director or one third of the total number of directors must resign. A director who retires at an annual general meeting is eligible for re-election at that meeting. Re-appointment of directors is not automatic.

The Company's Policy and Procedure for the Selection and Re (Appointment) of Directors is disclosed on the Company's website.

Board committees

Nomination Committee

(Recommendations: 2.4, 2.6)

The Board has not established a separate Nomination Committee. Given the current size and composition of the Board, the Board believes that there would be no efficiencies gained by establishing a separate Nomination Committee. Accordingly, the Board performs the role of the Nomination Committee. Items that are usually required to be discussed by a Nomination Committee are marked as separate agenda items at Board meetings when required. When the Board convenes as the Nomination Committee it carries out those functions which are delegated to it in the Company's Nomination Committee Charter. The Board deals with any conflicts of interest that may occur when convening in the capacity of the Nomination Committee by ensuring that the director with conflicting interests is not party to the relevant discussions.

As noted above, the full Board carries out the role of the Nomination Committee. The full Board did not officially convene in its capacity as a Nomination Committee during the Reporting Period, however nomination-related discussions occurred from time to time during the year as required.

The Board has adopted a Nomination Committee Charter which describes the role, composition, functions and responsibilities of the full Board in its capacity as the Nomination Committee.

The Company's Nomination Committee Charter is disclosed on the Company's website.

CORPORATE GOVERNANCE STATEMENT

Audit Committee

(Recommendations: 4.1, 4.2, 4.3, 4.4)

The Board has established an Audit Committee, which comprises Misha Collins as Chair, Peter Bilbe and Gavin Caudle. The Audit Committee is structured in compliance with Recommendation 4.2 as it consists only of non-executive directors, consists of a majority of independent directors, is chaired by an independent chair who is not chair of the Board, and has three members.

Details of each of the director's qualifications are set out in the Directors' Report. All members of the Audit Committee consider themselves to be financially literate and have an understanding of the industry in which the Company operates. The Chair of the Audit Committee, Mr Misha Collins, is a Chartered Financial Analyst, having completed the Chartered Financial Analyst programme with the US based Chartered Financial Analyst Institute. Gavin Caudle is a Chartered Accountant.

The Company has adopted an Audit Committee Charter which describes the role, composition, functions and responsibilities of the Audit Committee.

The Audit Committee held two meetings during the Reporting Period. Details of director attendance at Audit Committee meetings during the Reporting Period are set out in a table in the Directors' Report on page 29.

The Company has established a Procedure for the Selection, Appointment and Rotation of its External Auditor. The Board is responsible for the initial appointment of the external auditor and the appointment of a new external auditor when any vacancy arises, as recommended by the Audit Committee (or its equivalent). Candidates for the position of external auditor must demonstrate complete independence from the Company through the engagement period. The Board may otherwise select an external auditor based on criteria relevant to the Company's business and circumstances. The performance of the external auditor is reviewed on an annual basis by the Audit Committee (or its equivalent) and any recommendations are made to the Board.

The Company's Audit Committee Charter and Procedure for Selection, Appointment and Rotation of External Auditor are disclosed on the Company's website.

Remuneration Committee

(Recommendations: 8.1, 8.2, 8.3, 8.4)

The Board has established a Remuneration Committee, which comprises John Blake as Chair, Peter Bilbe and Misha Collins. The Remuneration Committee is structured in compliance with Recommendation 8.2 as it consists only of independent, non-executive directors, is chaired by an independent Chair and has three members.

The Remuneration Committee held one meeting during the Reporting Period. Details of director attendance at the Remuneration Committee meeting held during the Reporting Period are set out in a table in the Directors' Report on page 29.

CORPORATE GOVERNANCE STATEMENT

The Board has adopted a Remuneration Committee Charter which describes the role, composition, functions and responsibilities of the Remuneration Committee.

Details of remuneration, including the Company's policy on remuneration, are contained in the "Remuneration Report" which forms part of the Directors' Report and commences on page 29. The Company's policy on remuneration clearly distinguishes the structure of non-executive directors' remuneration from that of executive directors and senior executives. Non-executive directors are remunerated at a fixed fee for time, commitment and responsibilities. Remuneration for non-executive directors is not linked to individual performance. The Company may consider it appropriate to issue unlisted options to non-executive directors, subject to obtaining the relevant approvals. This policy is subject to annual review. All of the directors' option holdings are fully disclosed. The maximum aggregate amount of fees (including superannuation payments) that can be paid to non-executive directors is subject to approval by shareholders at general meeting. Pay and rewards for executive directors and senior executives consists of a base salary and performance incentives. Long term performance incentives may include options granted at the discretion of the Remuneration Committee and subject to obtaining the relevant approvals. The grant of option is designed to recognise and reward efforts as well as to provide additional incentive and may be subject to the successful completion of performance hurdles. Executives are offered a competitive level of base pay at market rates and are reviewed annual to ensure market competitiveness.

There are no termination or retirement benefits for non-executive directors (other than for superannuation).

The Company's Remuneration Committee Charter includes a statement of the Company's policy on prohibiting transactions in associated products which limit the risk of participating in unvested entitlements under any equity based remuneration schemes.

The Company's Remuneration Committee Charter is disclosed on the Company's website.

Performance evaluation

Senior executives

(Recommendations: 1.2, 1.3)

The Company has not developed a formal process for the evaluation of its two senior executives; the Chief Executive Officer and Chief Financial Officer, as the Board believes that the current size and structure of the Company allows effective evaluation on an ongoing basis.

The Chief Executive Officer reviews the performance of the Chief Financial Officer closely on an ongoing basis. Further, the Chief Executive Officer's performance is reviewed by the Chair and the Board. This evaluation is also undertaken on an ongoing basis through open and regular communication.

During the Reporting Period an evaluation of the Chief Executive Officer and the Chief Financial Officer took place in accordance with the process disclosed above.

CORPORATE GOVERNANCE STATEMENT

Board, its committees and individual directors

(Recommendations: 2.5, 2.6)

The Chair is responsible for evaluation of the Board and, when deemed appropriate, Board committees and individual directors.

A formal process for the evaluation of the Board, its committees and individual directors has not been developed as the Board considers that effective evaluation of its performance, the performance of Board committee and individual directors is achieved through ongoing open and regular communication. Performance evaluation of the Board, its committees and individual directors is carried out by ongoing review by the Chair. During the Reporting Period, the Chair also met with directors individually.

During the Reporting Period an evaluation of the Board, its committees and individual directors took place in accordance with the process disclosed above.

The Company's Process for Performance Evaluation is disclosed on the Company's website.

Ethical and responsible decision making

Code of Conduct

(Recommendations: 3.1, 3.5)

The Company has established a Code of Conduct as to the practices necessary to maintain confidence in the Company's integrity, the practices necessary to take into account its legal obligations and the reasonable expectations of its stakeholders and the responsibility and accountability of individuals for reporting and investigating reports of unethical practices.

The Company has also established a Whistleblower Policy. The aim of the policy is to ensure that directors, officers and employees comply with the Company's Code of Conduct. The policy encourages reporting of violations (or suspected violations) and provides effective protection to those reporting by implementing systems for confidentiality and report handling.

A summary of the Company's Code of Conduct and Whistleblower Policy are disclosed on the company's website.

Diversity

(Recommendations: 3.2, 3.3, 3.4, 3.5)

The Company has not established a Diversity Policy, or set measurable objectives for achieving gender diversity. The Board considered the merits of adopting a Diversity Policy, and considers that while the Company's operations are still at feasibility stage and it has a small number of employees,

CORPORATE GOVERNANCE STATEMENT

it is not practical to establish a Diversity Policy or to set measurable objectives for achieving gender diversity. The Board will review its position as the Company's circumstances change.

The proportion of women employees in the whole organisation, women in senior executive positions and women on the Board are set out in the following table:

	Proportion of women
Employees in the whole organisation	1 out of 3 (33%)
Senior executive positions	0 out of 2 (0%)
Board	0 out of 4 (0%)

Continuous Disclosure

(Recommendations: 5.1, 5.2)

The Company has established written policies and procedures designed to ensure compliance with ASX Listing Rule disclosure requirements and accountability at a senior executive level for that compliance.

A summary of the Company's Policy on Continuous Disclosure and Compliance Procedures are disclosed on the Company's website.

Shareholder Communication

(Recommendations: 6.1, 6.2)

The Company has designed a communications policy for promoting effective communication with shareholders and encouraging shareholder participation at general meetings.

The Company's Shareholder Communication Policy is disclosed on the Company's website.

Risk Management

Recommendations: 7.1, 7.2, 7.3, 7.4)

The Board has adopted a Risk Management Policy, which sets out the Company's risk profile. Under the policy, the Board is responsible for approving the Company's policies on risk oversight and management and satisfying itself that management has developed and implemented a sound system of risk management and internal control.

Under the policy, the Board delegates day-to-day management of risk to the Chief Executive Officer, who is responsible for identifying, assessing, monitoring and managing risks. The Chief Financial Officer is also responsible for updating the Company's material business risks to reflect any material changes, with the approval of the Board.

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In fulfilling the duties of risk management, the Chief Executive Officer may have unrestricted access to Company employees, contractors and records and may obtain independent expert advice on any matter they believe appropriate, with the prior approval of the Board.

The Board has established a separate Audit Committee to monitor and review the integrity of financial reporting and the Company's internal financial control systems and risk management systems.

In addition, the following risk management measures have been adopted by the Board to manage the Company's material business risks:

- the Board has established authority limits for management, which, if proposed to be exceeded, requires prior Board approval;
- the Board has adopted a compliance procedure for the purpose of ensuring compliance with the Company's continuous disclosure obligations; and

the Board has adopted a corporate governance manual which contains other policies to assist the Company to establish and maintain its governance practices.

The Company's risk management system includes the preparation of a risk register by management to identify and categorise the Company's material business risks and notes the risk management strategies for those risks. The risk register is reviewed by the Chief Executive Officer and reported to the Board on a regular basis. Risk management is a standing agenda item at each Board meeting.

The categories of material business risks detailed in the Company's risk register are: strategic; operational and governance.

The Board has required management to design, implement and maintain risk management and internal control systems to manage the Company's material business risks. The Board also requires management to report to it confirming that those risks are being managed effectively. The Board has received a report from management as to the effectiveness of the Company's management of its material business risks for the Reporting Period.

The Chief Executive Officer and the Chief Financial Officer have provided a declaration to the Board in accordance with section 295A of the Corporations Act and have assured the Board that such declaration is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks.

A summary of the Company's Risk Management Policy is disclosed on the Company's website.

CORPORATE GOVERNANCE STATEMENT

ASX Corporate Governance Council recommendations checklist

The following table sets out the Company's position with regard to adoption of the Principles & Recommendations as at the date of this statement:

Recommendation		Compl y
Principle 1:	Lay solid foundations for management and oversight	
1.1	Companies should establish the functions reserved to the board and those delegated to senior executives and disclose those functions.	<input checked="" type="checkbox"/>
1.2	Companies should disclose the process for evaluating the performance of senior executives.	<input checked="" type="checkbox"/>
1.3	Companies should provide the information indicated in the Guide to reporting on Principle 1:	<input checked="" type="checkbox"/>
Principle 2:	Structure the board to add value	
2.1	A majority of the board should be independent directors.	<input checked="" type="checkbox"/>
2.2	The chair should be an independent director.	<input checked="" type="checkbox"/>
2.3	The roles of chair and chief executive officer should not be exercised by the same individual.	<input checked="" type="checkbox"/>
2.4	The board should establish a nomination committee.	<input type="checkbox"/>
2.5	Companies should disclose the process for evaluating the performance of the board, its committees and individual directors.	<input checked="" type="checkbox"/>
2.6	Companies should provide the information indicated in the Guide to reporting on Principle 2:	<input checked="" type="checkbox"/>
Principle 3:	Promote ethical and responsible decision-making	
3.1	Companies should establish a code of conduct and disclose the code or a summary of the code as to: <ul style="list-style-type: none"> • the practices necessary to maintain confidence in the company's integrity; • the practices necessary to take into account their legal obligations and the reasonable expectations of their stakeholders; and • the responsibility and accountability of individuals for reporting and investigating reports of unethical practices. 	<input checked="" type="checkbox"/>
3.2	Companies should establish a policy concerning diversity and disclose the policy or a summary of that policy. The policy should include requirements for the board to establish measurable objectives for achieving gender diversity for the board to assess annually both the objectives and progress in achieving them.	<input type="checkbox"/>
3.3	Companies should disclose in each annual report the measurable objectives for achieving gender diversity set by the board in accordance with the diversity policy and progress towards achieving them.	<input type="checkbox"/>
3.4	Companies should disclose in each annual report the proportion of women employees in the whole organisation, women in senior executive positions and women on the board.	<input checked="" type="checkbox"/>
3.5	Companies should provide the information indicated in the Guide to reporting on Principle 3:	<input checked="" type="checkbox"/>

CORPORATE GOVERNANCE STATEMENT

Principle 4: Safeguard integrity in financial reporting		
4.1	The board should establish an audit committee.	<input checked="" type="checkbox"/>
4.2	The audit committee should be structured so that it: consists only of non-executive directors; consists of a majority of independent directors; is chaired by an independent chair, who is not chair of the board; and has at least three members.	<input checked="" type="checkbox"/>
4.3	The audit committee should have a formal charter.	<input checked="" type="checkbox"/>
4.4	Companies should provide the information indicated in the Guide to reporting on Principle 4:	<input checked="" type="checkbox"/>
Principle 5: Make timely and balanced disclosure		
5.1	Companies should establish written policies designed to ensure compliance with ASX Listing Rule disclosure requirements and to ensure accountability at senior executive level for that compliance and disclose those policies or a summary of those policies.	<input checked="" type="checkbox"/>
5.2	Companies should provide the information indicated in the Guide to reporting on Principle 5:	<input checked="" type="checkbox"/>
Principle 6: Respect the rights of shareholders		
6.1	Companies should design a communications policy for promoting effective communication with shareholders and encouraging their participation at general meetings and disclose their policy or a summary of the policy.	<input checked="" type="checkbox"/>
6.2	Companies should provide the information indicated in the Guide to reporting on Principle 6:	<input checked="" type="checkbox"/>
Principle 7: Recognise and manage risk		
7.1	Companies should establish policies for the oversight and management of material business risks and disclose a summary of those policies.	<input checked="" type="checkbox"/>
7.2	The board should require management to design and implement the risk management and internal control system to manage the company's material business risks and report to it on whether those risks are being managed effectively. The board should disclose that management has reported to it as to the effectiveness of the company's management of its material business risks.	<input checked="" type="checkbox"/>
7.3	The board should disclose whether it has received assurance from the chief executive officer (or equivalent) and the chief financial officer (or equivalent) that the declaration provided in accordance with section 295A of the Corporations Act is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks..	<input checked="" type="checkbox"/>
7.4	Companies should provide the information indicated in the Guide to reporting on Principle 7:	<input checked="" type="checkbox"/>
Principle 8: Remunerate fairly and responsibly		
8.1	The board should establish a remuneration committee.	<input checked="" type="checkbox"/>
8.2	The remuneration committee should be structured so that it: consists of a majority of independent directors; is chaired by an independent chair; and has at least three	<input checked="" type="checkbox"/>

CORPORATE GOVERNANCE STATEMENT

	members.	
8.3	Companies should clearly distinguish the structure of non-executive directors' remuneration from that of executive directors and senior executives.	<input checked="" type="checkbox"/>
8.4	Companies should provide the information indicated in the Guide to reporting on Principle 8:	<input checked="" type="checkbox"/>

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2013

	Notes	2013 \$	Consolidated 2012 \$
Other revenue	3	15,545	104,490
Total revenue		15,545	104,490
Corporate secretarial expenses		(71,814)	(85,863)
Depreciation and amortisation	6	(207,823)	(185,893)
Employee benefits expense		(2,744,735)	(3,389,881)
External consultancy expenses		(994,668)	(2,722,935)
Insurance expenses		(22,736)	(19,684)
Rental expenses	3(a)(i)	(11,979)	(69,777)
Share based payments	14(a), 20(b)	(42,165)	-
Travel and entertainment expenses		(288,955)	(583,390)
Other expenses		(5,570,102)	(2,758,128)
Loss before income tax		(9,939,432)	(9,711,061)
Income tax expense	3(b)	-	-
Net loss		(9,939,432)	(9,711,061)
Other comprehensive income			
Items that will not be reclassified to profit or loss:			
Items that may subsequently be reclassified to profit or loss:			
Movement in foreign currency translation reserve	11(b)	(5,236,881)	(1,598,628)
Other comprehensive income for the year, net of tax		(5,236,881)	(1,598,628)
Total comprehensive loss for the year		(15,176,313)	(11,309,689)
Loss after income tax attributable to:			
Members of Sihayo Gold Limited		(8,608,444)	(9,667,996)
Non controlling interest		(1,330,988)	(43,065)
		(9,939,432)	(9,711,061)
Comprehensive loss after income tax attributable to:			
Members of Sihayo Gold Limited		(13,845,325)	(11,266,624)
Non controlling interest		(1,330,988)	(43,065)
		(15,176,313)	(11,309,689)
Basic/diluted loss per share in cents	21	(1.23)	(1.36)

The above Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying note.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2013

	Notes	Consolidated	
		2013	2012
		\$	\$
CURRENT ASSETS			
Cash and cash equivalents	20(a)	3,007,754	11,130,476
Trade and other receivables	4	3,067,174	2,569,684
Other financial assets	5	8,550	16,950
TOTAL CURRENT ASSETS		<u>6,083,478</u>	<u>13,717,110</u>
NON-CURRENT ASSETS			
Other assets	7(a)	25,493,363	15,642,395
Inventory	7(b)	18,145	31,496
Property, plant and equipment	6	714,968	833,055
TOTAL NON-CURRENT ASSETS		<u>26,226,476</u>	<u>16,506,946</u>
TOTAL ASSETS		<u>32,309,954</u>	<u>30,224,056</u>
CURRENT LIABILITIES			
Trade and other payables	8	1,751,405	1,243,361
Provisions	9	28,568	94,888
Other liabilities		23,605	23,605
TOTAL CURRENT LIABILITIES		<u>1,803,578</u>	<u>1,361,854</u>
NON-CURRENT LIABILITIES			
Provisions	9	669,446	516,198
TOTAL NON-CURRENT LIABILITIES		<u>669,446</u>	<u>516,198</u>
TOTAL LIABILITIES		<u>2,473,024</u>	<u>1,878,052</u>
NET ASSETS		<u>29,836,930</u>	<u>28,346,004</u>
SHAREHOLDERS' EQUITY			
Parent entity interest:			
Contributed equity	10	95,321,268	90,500,944
Reserves	11(a)(b)	12,589,813	7,310,767
Accumulated losses	11(c)	(80,083,936)	(70,144,504)
Total parent entity interest		27,827,145	27,667,207
Non-controlling interest	19(b)	2,009,785	678,797
TOTAL SHAREHOLDERS' EQUITY		<u>29,836,930</u>	<u>28,346,004</u>

The above Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2013

	Notes	Consolidated 2013 \$	Consolidated 2012 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Payments to creditors and suppliers		(5,574,246)	(8,600,309)
Payments to employees		(2,456,240)	(2,818,491)
Exploration expenditure			-
Interest received		15,545	104,490
NET CASH FLOWS (USED IN) OPERATING ACTIVITIES	20(b)	(8,014,941)	(11,314,310)
CASH FLOWS FROM INVESTING ACTIVITIES			
Mining exploration & evaluation expenditure		(7,002,270)	(6,153,730)
Purchase of property, plant and equipment		(67,005)	(296,280)
NET CASH (USED IN) INVESTING ACTIVITIES		(7,069,275)	(6,450,010)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of shares and options		4,820,324	14,365,291
Share and option issue costs		-	(238,737)
Payment of unmarketable securities		-	(127)
NET CASH FLOWS FROM FINANCING ACTIVITIES		4,820,324	14,126,427
Net (decrease) in cash and cash equivalents held		(10,263,892)	(3,637,893)
Effects of exchange rate changes on cash		2,141,170	1,591,420
Cash and cash equivalents at the beginning of the financial year		11,130,476	13,176,949
Cash and cash equivalents at the end of the financial year	20(a)	3,007,754	11,130,476

The above Consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2013

Consolidated

	\$	\$	\$	\$	\$	\$
	Share Capital & shares to be issued	Options & Equity Reserve	FX Reserve	Accum 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 comprehensive income for the year	-	-	-	(9,711,061)	-	(9,711,061)
<u>Other comprehensive income:</u>						
Movement in foreign currency translation reserve	-	-	1,598,628	-	-	1,598,628
Movement in OEI	-	-	-	-	43,066	43,066
Issue of shares	14,365,163	-	-	-	-	14,365,163
Share issue costs	(238,736)	-	-	-	-	(238,736)
Issue of options	-	-	-	-	-	-
Balance at 30.06.12	90,500,944	2,230,437	5,080,330	(70,144,504)	678,797	28,346,004
Balance at 1.7.12	90,500,944	2,230,437	5,080,330	(70,144,504)	678,797	28,346,004
Total comprehensive income for the year	-	-	-	(9,939,432)	-	(9,939,432)
<u>Other comprehensive income:</u>						
Movement in foreign currency translation reserve	-	-	5,236,881	-	-	5,236,881
Movement in OEI	-	-	-	-	1,330,988	1,330,988
Issue of shares	4,820,324	42,165	-	-	-	4,862,489
Share issue costs	-	-	-	-	-	-
Issue of options	-	-	-	-	-	-
Balance at 30.06.13	95,321,268	2,272,602	10,317,211	(80,083,936)	2,009,785	29,836,930

The above Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes.

NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended 30 June 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements are general purpose financial statements that have been prepared in accordance with Accounting Standards of the Australian Accounting Standards Board and the *Corporations Act 2001*.

The financial statements cover the economic entity of Sihayo Gold Limited and its controlled entities, and was authorised for issue in accordance with a resolution of the Directors on 30 September 2013. Sihayo Gold Limited is a listed public company, incorporated and domiciled in Australia.

The following is a summary of the material accounting policies adopted by the economic entity in the preparation of the financial report. The accounting policies have been consistently applied, unless otherwise stated.

Basis of Preparation

Statement of compliance

The financial report is a general purpose financial report which has been prepared in accordance with Australian Accounting Standards (AASBs) and the Corporations Act 2001. The consolidated financial report of the Company also complies with International Financial Reporting Standards and interpretations adopted by the International Accounting Standards Board.

Separate financial statements for Sihayo Gold Limited as an individual entity are no longer presented as the consequence of a change to the Corporations Act 2001, however required financial information for Sihayo Gold Limited as an individual entity is included in note 12.

Adoption of New and Revised Accounting Standards

In the current year, the group has adopted all of the new and revised standards and interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to its operations and effective for the current annual reporting period. The adoption of these new and revised Standards and Interpretations has not resulted in any material changes to the Group's accounting policies.

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2013 reporting year. The group's assessment of the impact of these new standards and interpretations is set out below:

- i. AASB 9 Financial Instruments and AASB 2009-2011 Amendments to Australian Accounting Standards arising from AASB 9 (effective from 1 January 2013).
- ii. AASB 10 Consolidated Financial Statements, AASB 11 Joint Arrangements, AASB 12 Disclosure of Interests in Other Entities, revised AASB 127 Separate Financial Statements and AASB 128 Investments in Associates and Joint Ventures and AASB 2011-7 Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangement Standards (effective 1 January 2013). The Group does not expect to adopt the new standards before their operation date. They would therefore be first applied in the financial statements for the annual reporting period ending 30 June 2014.

NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended 30 June 2013

Adoption of New and Revised Accounting Standards Update (continued)

- iii. Revised AASB 124 Related Party Disclosures and AASB 2009-12 Amendments to Australian Accounting Standards (effective 1 January 2011). The revised AASB 124 is effective for accounting periods beginning on or after 1 January 2011 and must be applied retrospectively. The aim of the amendment is to clarify and simplify the definition of a related party. The group will apply the amended standard from 1 July 2011. When the amendments are applied, the group will need to disclose any transactions between its subsidiaries and its associates. However, there will be no impact on any of the amounts recognised in the financial statements.
- iv. AASB 13 Fair Value Measurement and AASB 2011-8 Amendments to Australian Accounting Standards arising from AASB 13 (effective 1 January 2013). The revised AASB 13 explains how to measure fair value and aims to enhance fair value disclosures. The group has yet to determine which, if any, of its current measurement techniques it will have to change as a result of the new guidance. The group does not intend to adopt the new standard before its operative date being 30 June 2014.

a) Reporting Basis and Conventions

The financial report has been prepared on an accruals basis and is based on historical costs modified by the revaluation of selected non-current assets, financial assets and financial liabilities for which the fair value basis of accounting has been applied.

b) Going Concern

The consolidated financial statements have been prepared on a 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 30 June 2013. Accordingly, no adjustments have been made to the financial report relating to the recoverability and classification of the asset carrying amounts or the amounts and classification of liabilities that might be necessary should the Company not continue as a going concern.

c) Principles of Consolidation

The consolidated financial statements incorporate the assets, liabilities and results of entities controlled by Sihayo Gold Limited at reporting date. A controlled entity is any entity over which Sihayo Gold Limited has the power to govern the financial and operating policies so as to obtain benefits from its activities. Control will generally exist when the parent owns, directly or indirectly through subsidiaries, more than half of the voting power of an entity. In assessing the power to govern, the existence and effect of holdings of actual and potential voting rights are also considered.

NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended 30 June 2013

c) Principles of Consolidation (continued)

Where controlled entities have entered or left the group during the year, the financial performance of those entities are included only for the period of the year that they were controlled. A list of controlled entities is contained in Note 19 to the financial statements.

In preparing the consolidated financial statements, all inter-group balances and transactions between entities in the consolidated group have been eliminated on consolidation. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with those adopted by the parent entity.

Non-controlling interests, being the equity in a subsidiary not attributable, directly or indirectly, to a parent, are shown separately within the Equity section of the consolidated Statement of Financial Position and Statement of Profit or Loss and Other Comprehensive Income. The non-controlling interest's interest in the net assets comprises their interests at the date of the original business combination and their share of changes in equity since that date.

d) Business Combinations

The purchase method of accounting is used to account for business combinations regardless of whether equity instruments or other assets are acquired. The cost of a business combination is measured as the fair value of the assets given, shares issued or liabilities incurred or assumed at the date of exchange and the amount of any non-controlling interest in the acquiree. For each business combination, the acquirer measures the non-controlling interest in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred.

Where equity instruments are issued in a business combination, the fair value of the instruments is their published market price as at the date of exchange unless, in rare circumstances, it can be demonstrated that the published price at the date of exchange is an unreliable indicator of fair value and that other evidence and valuation methods provide a more reliable measure of fair value.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any non-controlling interest. The excess of the cost of the business combination over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets acquired, the difference is recognised directly in the Statement of Comprehensive Income, but only after a reassessment of the identification and measurement of the net assets acquired.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured at fair value as at the acquisition date through profit or loss.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended 30 June 2013

e) Income Tax

The charge for current income tax expenses is based on the profit for the year adjusted for any non-assessable or disallowed items. It is calculated using tax rates that have been enacted or are substantively enacted by the balance sheet date.

Deferred tax is accounted for using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or liability is settled. Deferred tax is credited in the statement of comprehensive income except where it relates to items that may be credited directly to equity, in which case the deferred tax is adjusted directly against equity.

Deferred income tax assets are recognised to the extent that it is probable that future tax profits will be available against which deductible temporary differences can be utilised.

The amount of benefits brought to account or which may be realised in the future is based on the assumption that no adverse change will occur in income tax legislation and the anticipation that the economic entity will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law.

f) Property, Plant & Equipment

Each class of property, plant and equipment is carried at cost or fair value less, where applicable, any accumulated depreciation and impairment losses.

Plant and equipment

Property, plant and equipment are measured on the cost basis less depreciation and impairment losses.

The carrying amount of plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the assets employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

Depreciation

The depreciable amount of all Property, Plant and Equipment (other than Leasehold Improvements and certain plant and equipment which are based on the prime cost method) is based on the diminishing value method over their useful lives to the Company commencing from the time the assets are held ready for use. The depreciation rates used for plant and equipment vary between 2.5% and 40%.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying value is greater than its estimated recoverable amount.

NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended 30 June 2013

f) Property, Plant & Equipment (continued)

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the statement of comprehensive income.

g) Acquisition of Assets

The purchase method of accounting is used for all acquisitions of assets regardless of whether shares or other assets are acquired. Cost is determined as the fair value of the assets given up, shares issued or liabilities undertaken at the date of acquisition plus costs incidental to the acquisition. Where shares are issued in an acquisition, the value of the shares is determined having reference to the fair value of the assets or net assets acquired, including goodwill or discount on acquisition where applicable.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of the acquisition. The discount rate used is the rate at which a similar borrowing could be obtained under comparable terms and conditions.

h) 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.

i) Financial Instruments

Recognition

Financial instruments are initially measured at cost on trade date, which includes transaction costs, when the related contractual rights or obligations exist. Subsequent to initial recognition these instruments are measured as set out below.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are stated at amortised cost using the effective interest rate method.

Financial liabilities

Non-derivative financial liabilities are recognised at amortised cost, comprising original debt less principal payments and amortisation.

NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended 30 June 2013

i) Financial Instruments (continued)

Fair value

Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value for all unlisted securities, including recent arm's length transactions, reference to similar instruments and option pricing models.

Impairment

At each reporting date, the group assesses whether there is objective evidence that a financial instrument has been impaired. Impairment losses are recognised in the statement of comprehensive income.

j) Impairment of Assets

At each reporting date, the group reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the statement of comprehensive income.

k) Interest in Joint Ventures

The economic entity's share of the assets, liabilities, revenue and expenses of joint venture operations are included in the appropriate items of the consolidated statement of comprehensive income and consolidated statement of financial position.

The economic entity's interest in joint venture entities are brought to account using the equity method of accounting in the consolidated financial statements. The parent entity's interest in joint venture entities are brought to account using the cost method.

l) Functional and Presentation Currency

The functional currency of each of the group's entities is measured using the currency of the primary economic environment in which that entity operates. The consolidated financial statements are presented in Australian dollars which is the parent entity's functional and presentation currency.

m) Foreign Currency Transactions and Balances

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the year end exchange rate. Non-monetary items measured at historical costs continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

Exchange differences arising on the translation of monetary items are recognised in the statement of comprehensive income, except where deferred in equity as a qualifying cashflow or net investment hedge.

NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended 30 June 2013

m) Foreign Currency Transactions and Balances (continued)

Exchange differences arising on the translation of non-monetary items are recognised directly in equity to the extent that the gain or loss is directly recognised in equity, otherwise the exchange difference is recognised in the statement of comprehensive income.

n) Group Companies

The financial results and position of foreign operations whose functional currency is different from the group's presentation currency are translated as follows:

- Assets and Liabilities are translated at year-end exchange rates prevailing at that reporting date.
- Income and expenses are translated at average exchange rates for the period.

Exchange rate differences arising on translation of foreign operations are transferred directly to the group's foreign currency translation reserve in the statement of financial position. These differences are recognised in the statement of comprehensive income in the period in which the operation is disposed.

o) Revenue

Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets. Revenue from the sale of assets is recognised at the date that the contract is entered into.

All revenue is stated net of the amount of goods and services tax (GST).

p) Employee Benefits

Provision is made for the group's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled, plus related on-costs. Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits.

q) Provisions

Provisions are recognised when the group has a legal or constructive obligation, as a result of a past event, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

r) Cash and Cash Equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with banks, other short term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within short term borrowings in current liabilities on the statement of financial position.

s) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST is not recoverable from the Australian Taxation Office. In these circumstances the GST is recognised as part of

NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended 30 June 2013

s) Goods and Services Tax (GST) (continued)

the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST.

Cash flows are presented in the statement of cash flows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

t) Share Based Payment Transactions

The group provides benefits to the directors and senior executives in the form of share-based payment transactions, whereby services are rendered in exchange for shares or rights over shares ('equity settled transactions').

The cost of these equity settled transactions with directors is measured by reference to the fair value at the date at which they are granted. The fair value is determined by an external valuer using the Black- Scholes model.

In valuing equity-settled transactions, no account is taken of any performance conditions, other than conditions linked to the price of the shares of Sihayo Gold Limited.

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the market conditions are fulfilled.

The cumulative expense recognised for equity-settled transactions at each reporting date until vesting date reflects (i) the extent to which the vesting period has expired and (ii) the number of awards that in the opinion of the directors will ultimately vest. The opinion is formed on the best available information at balance date. No adjustment is made for the likelihood of market performance conditions being met as the effect of these conditions is included in the determination of fair value at grant date.

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is conditional upon market condition.

Where the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified. In addition, an expense is recognised for any increase in the value of the transaction as a result of the modification, as measured at the date of modification.

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award, and designated as a replacement award on the date that it is granted, the cancelled and new award are treated as if they were a modification of the original award, as described in the previous paragraph.

The dilutive effect, if any, of outstanding options is reflected as additional share dilution in the computation of earnings per share.

NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended 30 June 2013

u) Trade and Other Receivables

CURRENT

All trade debtors are recognised at the amounts receivable as they are due for settlement no more than 30 days from the date of recognition.

Collectability of trade debtors is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off. A provision for doubtful debts is raised when some doubt as to collection exists and in any event when the debt is more than 60 days overdue.

NON-CURRENT

All debtors that are not expected to be received within 12 months of reporting date are included in non-current receivables.

Collectability of non-current receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off. A provision for doubtful debts is raised when some doubt as to collection exists.

v) Trade and Other Creditors

These amounts represent liabilities for goods and services provided to the consolidated entity prior to the end of the financial year and which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

w) Operating Leases

Operating lease payments are charged to the Statement of comprehensive income in the periods in which they are incurred, as this represents the pattern of benefits derived from the leased assets.

x) Significant Accounting Judgements, Estimates and Assumptions

Significant accounting judgements

In the process of applying the Group's accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial statements:

Exploration and evaluation assets

The Group's accounting policy for exploration and evaluation expenditure is set out above. The application of this policy necessarily requires management to make certain estimates and assumptions as to future events and circumstances, in particular, the assessment of whether economic quantities of reserves are found. Any such estimates and assumptions may change as new information becomes available.

Significant accounting estimates and assumptions

The carrying amounts of certain assets and liabilities are often determined based on estimates and assumptions of future events. The key estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of certain assets and liabilities within the next annual reporting period are:

NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended 30 June 2013

x) Significant Accounting Judgements, Estimates and Assumptions (continued)

Recovery of deferred assets

Deferred tax assets are recognised for deductible temporary differences when management considers that it is probable that future taxable profits will be available to utilise those temporary differences.

Share-based payment transactions

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The Group measures the cost of cash-settled share-based payments at fair value at the grant date using the Black-Scholes model taking into account the terms and conditions upon which the instruments were granted.

y) Segment Reporting

The Group determines and presents operating segments based on the information that internally is provided to the Managing Director, who is the Group's chief operating decision maker. An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. All operating segments' operating results are regularly reviewed by the Managing Director to make decisions about resources to be allocated to the segment and assess its performance.

Unless stated otherwise, all amounts reported to the Board of Directors as the chief decision maker with respect to operating segments are determined in accordance with accounting policies that are consistent to those adopted in the annual financial statements of the Group.

Intersegment loans payable and receivable are initially recognised at the consideration received net of transaction costs. If intersegment loans receivable and payable are not on commercial terms, these are not adjusted to fair value on market interest rates.

z) Comparative Figures

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

2. RISK MANAGEMENT

(a) Interest rate risk

The Consolidated Entity and the Company's exposure to interest rate risk, is the risk that a financial instrument's value will fluctuate as a result of changes in market interest rates and the effective weighted average interest rate on classes of financial assets and liabilities. The Consolidated Entity and the Company do not have a major exposure in this area as the interest rate earned on deposited funds does not vary greatly from month to month.

NOTES TO THE FINANCIAL STATEMENTS
For The Year Ended 30 June 2013

2. Risk Management (continued)

(a) Interest rate risk (continued)

Consolidated Entity
2013

	Floating Interest Rate	Fixed interest maturing in				Non interest bearing	Total carrying amount at balance sheet	Applicable interest rate on 30 June
		1 year or less	1 to 5 years	More than 5 years				
	\$	\$	\$	\$	\$	\$	%	
Cash and cash equivalents	3,007,754	-	-	-	-	3,007,754	3.75%	
Trade and other receivables	-	-	-	-	3,067,174	3,067,174	-	
Other financial assets	-	-	-	-	8,550	8,550	-	
Deposits	-	-	23,085	-	-	23,085	5.00%	
Total Financial Assets	3,007,754	-	23,085	-	3,075,724	6,106,563		
Trade and other payables	-	-	-	-	1,537,731	1,537,731		
Other liabilities	-	-	-	-	23,605	23,605		
Total Financial Liabilities	-	-	-	-	1,561,336	1,561,336		

NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended 30 June 2013

2. Risk Management (continued)

(a) Interest rate risk (continued)

Consolidated Entity 2012

	Floating Interest Rate	Fixed interest rate maturing in			Non interest bearing	Total carrying amount at balance sheet	Applicable interest rate on 30 June
		1 year or less	1 to 5 years	More than 5 years			
	\$	\$	\$	\$	\$	\$	%
<i>Financial Assets</i>							
Cash and cash equivalents	11,130,476	-	-	-	-	11,130,476	3.00%
Trade and other receivables	-	-	-	-	2,569,684	2,569,684	-
Other financial assets	-	-	-	-	16,950	16,950	-
Deposits	-	-	5,050	-	-	5,050	5.00%
Total Financial Assets	11,130,476	-	5,050	-	2,586,634	13,722,160	
<i>Financial Liabilities</i>							
Trade and other payables	-	-	-	-	1,064,353	1,064,353	
Other liabilities	-	-	-	-	23,605	23,605	
Total Financial Liabilities	-	-	-	-	1,087,958	1,087,958	

(b) Credit risk exposures

The Consolidated Entity and the Company has no significant concentrations of credit risk. The maximum exposure to credit risk at balance date is the carrying amount (net of provision of doubtful debts) of those assets as disclosed in the statement of financial position and note 23.

As the Consolidated Entity and Company does not presently have any debtors arising from sales, lending, significant stock levels or any other credit risk, a formal credit risk management policy is not maintained.

(c) Foreign currency risk management

The Consolidated Entity and the Company is exposed to fluctuations in foreign currencies arising from costs incurred at overseas mineral exploration tenements. To mitigate this risk the Company holds cash in the currency in which it forecasts the costs will be incurred.

NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended 30 June 2013

2. Risk Management (continued)

(d) Liquidity risk

Liquidity risk is the risk that the Consolidated Entity and the Company will not be able to meet its financial obligations as they fall due. Financial obligations of the Consolidated Entity and the Company consist of trade creditors and other payables.

The Company has not conducted a sensitivity analysis on credit or interest rate risk as the amounts are not considered significant.

(e) Financial risk management

2013	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
Financial assets	-	-	-	-
Shares in listed companies	8,550	-	-	8,550
	8,550			8,550
2012				
Financial assets	-	-	-	-
Shares in listed companies	16,950	-	-	16,950
	16,950			16,950

Included within Level 1 of the hierarchy are listed investments. The fair values of these financial assets and liabilities have been based on the closing quoted prices at reporting date, excluding transaction costs.

In valuing unlisted investments – included in Level 2 of the hierarchy – valuation techniques such as those using comparisons to similar investments for which market observable prices are available have been adopted to determine the fair values of these investments.

Derivative instruments are included in Level 2 of the hierarchy with the fair values determined using valuation techniques incorporating observable market data relevant to the hedged position.

NOTES TO THE FINANCIAL STATEMENTS
For The Year Ended 30 June 2013

	Consolidated	
	2013	2012
	\$	\$
3. REVENUE		
Revenue from outside the operating activities		
Interest	15,545	104,490
	<u>15,545</u>	<u>104,490</u>
Revenue from ordinary activities	15,545	104,490
3(a) LOSS BEFORE INCOME TAX		
Net Expenses		
The loss before income tax includes the following expenses:		
(i) Expenses:		
Share based payments	42,165	-
Depreciation	207,823	185,893
Rental expenses	11,979	69,777
	<u>261,967</u>	<u>255,670</u>
(ii) Numerical reconciliation of income tax expense to prima facie tax payable:		
Loss from ordinary activities before income tax expense	<u>(9,939,432)</u>	<u>(9,711,061)</u>

NOTES TO THE FINANCIAL STATEMENTS
For The Year Ended 30 June 2013

	Consolidated	
	2013	2012
	\$	\$
3(b) INCOME TAX EXPENSE		
Loss from ordinary activities before income tax expense	(9,939,432)	(9,711,061)
(i) Prima facie tax benefit on loss from ordinary activities (at 30%):	(2,981,830)	(2,913,318)
Tax effect of amounts which are not deductible (taxable)		
In calculating taxable income:		
Provisions	8,323	29,665
Share based payment	42,165	-
Other non deductible expenses	-	2,242
Outside equity interest	399,927	12,920
	(2,531,415)	(2,868,491)
Movement in unrecognised temporary Difference	2,457,183	2,805,649
Tax effect of current year tax losses for which no deferred tax asset has been recognised	74,232	62,842
Income tax expense	-	-
(ii) Unrecognised temporary differences		
Deferred Tax Assets (at 30%)		
Carried forward revenue tax losses	5,384,437	5,293,352
Carried forward capital tax losses	304,419	910,419
Carried forward foreign tax losses	2,047,506	2,010,662
Mineral exploration (@ 20%)	6,461,703	5,523,180
Provisions	8,323	29,665
Black hole expenditure	463,525	249,415
	14,669,913	14,016,693

This benefit for tax losses will only be obtained if:

- (i) the consolidated entity derives future assessable income of a nature and of an amount sufficient to enable the benefit from the deductions for the losses to be realised, or
- (ii) the losses are transferred to an eligible entity in the consolidated entity, and
- (iii) the consolidated entity continues to comply with the conditions for deductibility imposed by tax legislation, and
- (iv) no changes in tax legislation adversely affect the consolidated entity in realising the benefit from the deductions for the losses.

NOTES TO THE FINANCIAL STATEMENTS
For The Year Ended 30 June 2013

	Consolidated	
	2013	2012
	\$	\$
4. TRADE AND OTHER RECEIVABLES		
CURRENT		
Other debtors	3,067,174	2,569,684
	3,067,174	2,569,684

Other debtors

These amounts generally arise from transactions outside the usual operating activities of the consolidated entity and are non-interest bearing. The other debtors do not contain any impaired receivables.

	Consolidated	
	2013	2012
	\$	\$
5. OTHER FINANCIAL ASSETS		
CURRENT		
Investments listed on a prescribed stock exchange and unlisted public companies	8,550	16,950
NON CURRENT		
Investments in other entities at cost	697,537	697,537
Less Provision for Diminution	(697,537)	(697,537)
	-	-

Shares in controlled entities

The carrying value of the investments in controlled entities is dependent upon the successful development and exploitation of the controlled entities' tenements, or alternatively the sale of those tenements for at least carrying value.

Investments in other entities

Investments in other entities include the following:

- 10% interest in B Vijaykumar Technical Services Pvt Limited, a company involved in diamond exploration in India, with an option to purchase a further 10% interest. As Oropa Indian Resources Pty Ltd, Sihayo Gold Limited's wholly owned subsidiary, no longer has significant influence over B Vijaykumar Technical Services Pvt Limited, the investment has been transferred to other investments from investment in associates. This investment has been fully provided for.

NOTES TO THE FINANCIAL STATEMENTS
For The Year Ended 30 June 2013

6. PROPERTY, PLANT AND EQUIPMENT	Consolidated	
	2013 \$	2012 \$
NON-CURRENT		
Land at Cost	55,822	51,002
Lease improvements at cost	14,279	14,279
Less: accumulated depreciation	(8,561)	(8,372)
	5,718	5,907
Plant and equipment, at cost	253,395	250,987
Less: accumulated depreciation	(86,376)	(43,657)
	167,019	207,330
Motor vehicles, at cost	214,301	230,397
Less: accumulated depreciation	(75,285)	(75,868)
	139,016	154,529
Office equipment, at cost	445,512	486,233
Less: accumulated depreciation	(98,119)	(71,946)
	347,393	414,287
Total property, plant and equipment	714,968	833,055

NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended 30 June 2013

6. PROPERTY, PLANT AND EQUIPMENT (continued)

Reconciliations

Reconciliations of the carrying amounts of each class of property, plant and equipment at the beginning and end of the current financial year are set out below:

2013

Consolidated	Land at Cost \$	Leasehold Improve. \$	Plant & Equipment \$	Motor Vehicles \$	Office Equipment \$	Total \$
Carrying amount at 1 July 2012	51,002	5,907	207,330	154,529	414,287	833,055
Effect of foreign currency translation	4,820	-	1,080	2,698	5,285	13,883
Additions	-	-	44,985	57,074	25,939	127,998
Write-offs & reclassification	-	-	(30,360)	-	(21,786)	(52,146)
Depreciation expense	-	(189)	(56,016)	(75,285)	(76,332)	(207,822)
Carrying amount at 30 June 2013	55,822	5,718	167,019	139,016	347,393	714,968

2012

Consolidated	Land at Cost \$	Leasehold Improve. \$	Plant & Equipment \$	Motor Vehicles \$	Office Equipment \$	Total \$
Carrying amount at 1 July 2011	39,195	6,096	128,359	207,129	311,755	692,534
Effect of foreign currency translation	1,075	-	11,157	2,117	15,782	30,131
Additions	10,732	-	111,470	21,151	158,696	302,049
Write-offs & reclassification	-	-	-	-	(5,766)	(5,766)
Depreciation expense	-	(189)	(43,656)	(75,868)	(66,180)	(185,893)
Carrying amount at 30 June 2012	51,002	5,907	207,330	154,529	414,287	833,055

7a. OTHER ASSETS

NON CURRENT

	Consolidated	
	2013 \$	2012 \$
Deposits	23,085	5,050
Capitalised mineral exploration costs	25,470,278	15,637,345
	<u>25,493,363</u>	<u>15,642,395</u>

Deposits

Deposits of \$23,085 include a deposit for building of USD \$2,215 (2012: USD \$2,297)

NOTES TO THE FINANCIAL STATEMENTS
For The Year Ended 30 June 2013

	Consolidated	
	2013	2012
	\$	\$
7a. OTHER ASSETS (continued)		
Mining Exploration and Evaluation Expenditure Movement		
Expenditure incurred during the year	9,832,933	6,381,045
Expenditure written off during the year	-	-
	9,832,933	6,381,045

Some of the Company's exploration properties are subject to claim(s) under native title. As a result, exploration properties or areas within the tenements may be subject to exploration and/or mining restrictions.

Recoverability of capitalised costs

The value of the group's interest in exploration expenditure is dependent upon:

- the continuance of the group's rights to tenure of the areas of interest;
- the results of future exploration; and
- the recoupment of costs through successful development and exploitation of the areas of interest, or alternatively, by their sale.

	Consolidated	
	2013	2012
	\$	\$
7b. Inventory		
Diesel	18,145	31,496

	Consolidated	
	2013	2012
	\$	\$
8. TRADE AND OTHER PAYABLES		
CURRENT		
Other creditors	899,082	409,127
Related party payables (API's)	638,649	655,226
Accruals	213,674	179,008
	1,751,405	1,243,361

Trade payables are considered current and are therefore not past due normal trading terms.

NOTES TO THE FINANCIAL STATEMENTS
For The Year Ended 30 June 2013

9. PROVISIONS	Consolidated	
	2013 \$	2012 \$
CURRENT		
Employee Entitlements	26,900	86,166
Taxation	1,668	8,722
	<hr/>	<hr/>
	28,568	94,888
NON CURRENT		
Employee Entitlements – long service leave	-	11,962
Employee Entitlements	669,446	504,236
	<hr/>	<hr/>
	669,446	516,198
Employee Numbers		
Average number of employees during the financial year	153	243

10. CONTRIBUTED EQUITY

	Consolidated	
	2013 \$	2012 \$
Issued Capital		
Fully paid – ordinary shares		
844,832,293 (2012 – 799,377,748)	95,321,268	90,500,944
	<hr/>	<hr/>
	95,321,268	90,500,944
	<hr/>	<hr/>

NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended 30 June 2013

10. CONTRIBUTED EQUITY (continued)

Movements in ordinary share capital of the Company during the past 2 years were as follows:

		Number	\$
		<hr/>	<hr/>
01/07/2011	Opening balance	693,986,646	76,374,517
02/08/2011	Conversion of Options	300,000	15,000
15/08/2011	Conversion of Options	9,424,500	471,225
11/04/2012	Conversion of Options	1,500,000	150,000
26/04/2012	Shares issue	42,490,358	6,387,746
26/04/2012	Share issue	44,176,244	6,641,192
23/05/2012	Conversion of Options	2,000,000	150,000
23/05/2012	Conversion of Options	2,000,000	200,000
29/05/2012	Conversion of Options	1,500,000	150,000
29/06/2012	Conversion of Options	2,000,000	200,000
	Share issue costs		(238,736)
	Balance at 30 June 2012	799,377,748	90,500,944
05/04/2013	Shares issue	40,909,090	4,500,000
09/04/2013	Shares issue	4,545,455	500,000
30/06/2013	Shares issue costs		(179,676)
	Balance at 30 June 2013	844,832,293	95,321,268

Ordinary shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the Company in proportion to the number of and amounts paid on the shares held. On a show of hands every holder of ordinary shares present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each share is entitled to one vote.

Options over ordinary shares

The options over ordinary shares total 4,000,000 as at 30 June 2013. Refer to Note 11 for further information.

NOTES TO THE FINANCIAL STATEMENTS
For The Year Ended 30 June 2013

	Consolidated	
	2013 \$	2012 \$
11. RESERVES AND ACCUMULATED LOSSES		
(a) Option Premium Reserve		
Balance at the beginning of the financial year	2,230,437	2,230,347
Options issued during the year	42,165	-
Options exercised during the year	-	-
	<u>2,272,602</u>	<u>2,230,437</u>

The Option Premium Reserve is used to record the value of options issued during the year under the Black-Scholes method. When options are exercised the credit is transferred to share capital.

Options

The outstanding balance as at 30 June 2013 is represented by:

- 1,000,000 CEO unlisted options exercisable at 13 cents each that expire on 1 October 2014.
- 1,000,000 CEO unlisted options exercisable at 13 cents each that expire on 1 October 2015.
- 1,000,000 employee unlisted options exercisable at 12.5 cents each that expire on 1 October 2014.
- 1,000,000 employee unlisted options exercisable at 12.5 cents each that expire on 1 October 2015.

All options, except for unlisted options, are quoted on the Australian Securities Exchange Limited.

	Consolidated	
	2013 \$	2012 \$
(b) Foreign Currency Reserve		
Balance at the beginning of the financial year	5,080,330	3,481,702
Movement for the year	5,236,881	1,598,628
	<u>10,317,211</u>	<u>5,080,330</u>
(c) Accumulated Losses		
Balance at the beginning of the financial year	(70,144,504)	(60,433,443)
Net losses attributable to members of Sihayo Gold Limited	(9,939,432)	(9,711,061)
	<u>(80,083,936)</u>	<u>(70,144,504)</u>

NOTES TO THE FINANCIAL STATEMENTS
For The Year Ended 30 June 2013

12. PARENT ENTITY DISCLOSURE NOTE

	Parent	
	2013	2012
	\$	\$
FINANCIAL POSITION		
Assets		
Current assets	1,622,642	10,811,296
Non-current assets	146,290	151,423
Total assets	<u>1,768,932</u>	<u>10,962,719</u>
Liabilities		
Current liabilities	267,926	280,944
Non-current liabilities	-	11,962
Total liabilities	<u>267,926</u>	<u>292,906</u>
Net Assets	<u>1,501,006</u>	<u>10,669,813</u>
Equity		
Issued capital	95,321,270	90,500,946
Retained earnings	(96,189,566)	(82,158,270)
Reserves		
Option premium reserve	2,369,302	2,327,137
Equity reserve	-	-
Total Equity	<u>1,501,006</u>	<u>10,669,813</u>
FINANCIAL PERFORMANCE		
Loss for the year	14,031,296	14,633,496
Other comprehensive income	-	-
Total comprehensive income	<u>14,031,296</u>	<u>14,633,496</u>

The parent entity did not enter into any guarantees in relation to the debts of its subsidiaries for 2012 or 2013.

The parent entity did not have any contingent liabilities for 2012 or 2013.

The parent entity did not enter into any commitments for the acquisition of property, plant and equipment for 2012 or 2013.

NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended 30 June 2013

13. SHARE BASED PAYMENT PLAN

(a) Recognised Share-Based Payment Expense

	2013 \$	2012 \$
Expense arising from equity-settled share-based payment transactions to :		
Employee	(42,165)	-
Total expense arising from share-based payment transactions	(42,165)	-

(b) Summary of Options Granted

The following share-based payment arrangements were granted during the last two years :

2013 Series	Security Type	Number	Grant Date	Note	Expiry Date	Exercise Price \$	Fair Value \$
Tranche 1	Option	1,000,000	01/10/2012	(1)	01/10/2014	0.130	0.067
Tranche 2	Option	1,000,000	01/10/2012	(2)	01/10/2015	0.130	0.055
Tranche 3	Option	1,000,000	01/01/2013	(3)	01/10/2014	0.125	0.022
Tranche 4	Option	1,000,000	01/01/2013	(4)	01/10/2015	0.125	0.030

In 2012, no options were granted by the Consolidated Entity

(c) Summary of Options and Performance Rights Granted

The following table illustrates the number and weighted average exercise prices (WAEP) of share options and performance rights issued as share-based payments at the beginning and end of the financial year :

	2013 Number	2013 WAEP	2012 Number	2012 WAEP
Outstanding at beginning of year	11,800,000	17.12	17,800,000	14.44
Granted by the Company during the year	4,000,000	12.75	-	-
Exercised during the year	-	-	(4,653,846)	(7.00)
Expired during the year	(11,800,000)	17.12	(1,346,154)	(5.00)
Forfeited during the year	-	-	-	-
Outstanding at end of year	4,000,000	12.75	11,800,000	17.12

The outstanding balance of options issued as share-based payments on issue as at 30 June 2013 is represented by :

- 1,000,000 unlisted options at an exercise price of \$0.13 each that expire on 1 October 2014;

NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended 30 June 2013

- 1,000,000 unlisted options at an exercise price of \$0.13 each that expire on 1 October 2015;
- 1,000,000 unlisted options at an exercise price of \$0.125 each expire on 1 October 2014; and
- 1,000,000 unlisted options at an exercise price of \$0.125 each expire on 1 October 2015.

13. SHARE BASED PAYMENT PLAN (continued)

(d) Weighted Average Remaining Contractual Life

The weighted average remaining contractual life for share options issued as share based payments outstanding as at 30 June 2013 is 1.75 years (2012 : 0.75 years).

(e) Range of Exercise Prices

The range of exercise prices for share options issued as share-based payments outstanding as at 30 June 2013 was \$0.125 to \$0.13 (2012 : \$0.125 to \$0.15).

(f) Weighted Average Fair Value

The weighted average fair value of options granted by the Group as equity-settled share-based payments during the year ended 30 June 2013 was \$0.1275 (2012 : \$Nil).

(g) Option Pricing Model

The fair value of the equity-settled share options granted is estimated as at the date of grant using the Black-Scholes option valuation model taking into account the terms and conditions upon which the options were granted.

The following table lists the inputs to the valuation model used for the share options and performance right granted by the Group during the year ended 30 June 2013 :

Inputs	Series 1	Series 2	Series 3	Series 4
Exercise price	\$0.130	\$0.130	\$0.125	\$0.125
Grant date share price	\$0.140	\$0.140	\$0.080	\$0.080
Dividend yield	-	-	-	-
Volatility	83%	83%	77%	77%
Risk-free interest rate	2.66%	2.66%	2.76%	2.76%
Grant date	01/10/2012	01/10/2012	01/01/2013	01/01/2013
Expiry date	01/10/2014	01/10/2015	01/10/2014	01/10/2015
Expected life of option	2.00	3.00	1.75	2.75
Fair value at grant date	\$0.067	\$0.055	\$0.022	\$0.030

In 2012, no options were granted by the Consolidated Entity.

NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended 30 June 2013

14. KEY MANAGEMENT PERSONNEL DISCLOSURE

Names and Positions held of parent entity key management personnel in office at any time during the financial year are:

Key Management Personnel

Misha Collins	Non Executive Director
Paul Willis	Executive Director & CEO (resigned 14/01/2013)
Gavin Caudle	Non Executive Director
Peter Bilbe	Non Executive Chairman
William John Blake	Non Executive Director
Greg Entwistle	Chief Operations Officer (resigned 31/08/2012)
Darin Rowley	Senior Geologist (resigned 30/06/2013)
Stuart Gula	CEO (appointed 15/01/2013)
Brendan Cope	General Manager Operation (appointed 02/04/2013)
Daniel Nolan	Company Secretary & Chief Financial Officer

There are no executives (other than those listed above) with authority for strategic decision and management

(a) Compensation for Key Management Personnel

	Consolidated	
	2013	2012
	\$	\$
Short-term employee benefits	1,272,640	1,390,265
Non monetary benefit	11,150	11,150
Post employment benefits	9,017	25,460
Share based payments	42,165	-
	<u>1,334,972</u>	<u>1,426,875</u>

NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended 30 June 2013

14. KEY MANAGEMENT PERSONNEL DISCLOSURE (continued)

(b) Option holdings of key management personnel (consolidated)

The number of options over ordinary shares in the Company held during the financial year by each director of Sihayo Gold Limited, including their personally-related entities, are set out below.

30 June 2013	Balance at beginning of period 1 July 12	Granted as remuneration	Options exercised	Net change other	Balance at end of period 30 June 13	Vested at 30 June 2013	
						Total	Exercisable
M Collins	1,000,000	-	-	(1,000,000)	-	-	-
P Willis	2,000,000	-	-	(2,000,000)	-	-	-
D Rowley	2,000,000	2,000,000	-	(2,000,000)	2,000,000	2,000,000	-
S Gula	-	2,000,000	-	-	2,000,000	2,000,000	-
D Nolan	1,000,000	-	-	(1,000,000)	-	-	-

30 June 2012	Balance at beginning of period 1 July 11	Granted as remuneration	Options exercised	Net change other	Balance at end of period 30 June 12	Vested at 30 June 2012	
						Total	Exercisable
M Collins	1,000,000	-	-	-	1,000,000	1,000,000	1,000,000
P Willis	4,000,000	-	-	(2,000,000)	2,000,000	2,000,000	2,000,000
P Bilbe	1,500,000	-	(1,500,000)	-	-	-	-
WJ Blake	1,500,000	-	(1,500,000)	-	-	-	-
G Entwistle	4,000,000	-	(4,000,000)	-	-	-	-
D Rowley	2,000,000	-	-	-	2,000,000	2,000,000	2,000,000
D Nolan	1,000,000	-	-	-	1,000,000	1,000,000	1,000,000

NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended 30 June 2013

14. KEY MANAGEMENT PERSONNEL DISCLOSURE (continued)

(c) Shareholdings of Key Management Personnel (consolidated)

The number of shares held in the Company during the financial year by each personnel of Sihayo Gold Limited, including their personally-related entities, are set out below:

	Balance 1 July 12		Granted as remuneration		On exercise of options		Net change other	Directors balances as at date of resigning/ terminated		Balance 30 June 13
	Ord	Pref	Ord	Pref	Ord	Pref	Ord	Pref	Ord	Ord
30 June 2013										
M Collins	14,529,574	-	-	-	-	-	-	-	-	14,529,574
P Bilbe	1,920,000	-	-	-	-	-	-	-	-	1,920,000
WJ Blake	1,500,000	-	-	-	-	-	-	-	-	1,500,000
G Caudle	156,464,474	-	-	-	-	-	(70,379,790)	-	-	86,084,684
P Willis	54,221,409	-	-	-	-	-	-	-	-	54,221,409
G Entwistle	4,000,000	-	-	-	-	-	-	-	-	4,000,000

	Balance 1 July 11		Granted as remuneration		On exercise of options		Net change other	Directors balances as at date of resigning/ terminated		Balance 30 June 12
	Ord	Pref	Ord	Pref	Ord	Pref	Ord	Pref	Ord	Ord
30 June 2012										
M Collins	14,529,574	-	-	-	-	-	-	-	-	14,529,574
P Bilbe	420,000	-	-	-	1,500,000	-	-	-	-	1,920,000
WJ Blake	-	-	-	-	1,500,000	-	-	-	-	1,500,000
G Caudle	124,850,490	-	-	-	-	-	31,613,984	-	-	156,464,474
P Willis	54,221,409	-	-	-	-	-	-	-	-	54,221,409
G Petersen	3,000,000	-	-	-	-	-	-	-	-	3,000,000
G Entwistle	-	-	-	-	4,000,000	-	-	-	-	4,000,000

NOTES TO THE FINANCIAL STATEMENTS
For The Year Ended 30 June 2013

	Consolidated	
	2013	2012
	\$	\$
	<hr/>	<hr/>
15. REMUNERATION OF AUDITORS		
Remuneration for audit or review of the financial reports of the parent entity or any entity in the consolidated entity		
Stantons International	33,650	40,559
Other	16,144	27,643
	<hr/>	<hr/>
	49,794	68,202
	<hr/>	<hr/>

16. CONTINGENT ASSETS AND LIABILITIES

The only contingent asset the parent and consolidated entity have is 1,000,000 options exercisable at 20 cents in the company Southern Cross Goldfields Limited. These options only vest upon the company discovering a minimum of 250,000 ounces of gold or 5,000 tonnes of nickel in the situ in the Golden Valley Tenements.

There are no contingent liabilities as at 30 June 2013.

17. RELATED PARTIES

Directors and specified executives

Disclosures relating to directors and specified executives are set out in the director's report and as detailed in note 14.

Wholly owned Group

The wholly-owned group consists of Sihayo Gold Limited and its wholly-owned subsidiaries Inland Goldmines Pty Limited, Excelsior Resources Pty Limited, Oropa Technologies Pty Limited, Oropa Indian Resources Pty Limited and Oropa Exploration 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, P.T. Aneka Tambang holding the remaining 25%.

Transactions between Sihayo Gold Limited and related parties in the wholly-owned group during the year ended 30 June 2013 consisted of loans on an interest free basis with no fixed term and no specific repayment arrangements. Sihayo Gold Limited made an additional provision for doubtful debts of \$18,927,207 in its accounts for the year ended 30 June 2013 (2012 - \$15,395,415) 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.

NOTES TO THE FINANCIAL STATEMENTS
For The Year Ended 30 June 2013

17. RELATED PARTIES (continued)

Other related parties

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

	Parent Entity	
	2013	2012
	\$	\$
Non-current receivables	68,536,002	49,608,795
Provision for doubtful debts	(68,536,002)	(49,608,795)
	<u> </u>	<u> </u>
	<u> </u>	<u> </u>
	-	-

An amount of \$247,880 (2013 – \$247,880) is still outstanding from an advance to B Vijaykumar Chhattisgarh Exploration Private Ltd, being a subsidiary of a company that the consolidated entity has an investment in. This amount was used to fund diamond exploration activities in India. The loan is interest free. The loan has been fully provided for in the accounts.

18. EXPENDITURE COMMITMENTS

Exploration Commitments

In order to maintain current rights of tenure to exploration tenements, the Company and consolidated entity were previously required to outlay lease rentals and to meet the minimum expenditure requirements of the Mines Departments.

Expenditure Commitments in Malawi

All leases in Malawi have now lapsed

PT Sorikmas Mining Commitments

Under the Contract of Work (CoW), the Company was required to spend certain minimum expenditures in respect of the contract area for the General Survey Period and Exploration Period as follows:

	<u>US\$ / km²</u>
General survey period	100
Exploration period	1,100

As at 30 June 2013, PT Sorikmas Mining had fulfilled its expenditure commitments in respect of the General Survey Period and Exploration Period.

NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended 30 June 2013

18. EXPENDITURE COMMITMENTS (continued)

Operating Leases – Rent

Commitments for minimum lease payments in relation to non cancellable operating leases are payable as follows:

	Consolidated	
	2013	2012
	\$	\$
Not later than one year	5,829	73,558
Later than one year, but not later than 2 years		-
Later than two years but not more than 3 years		-
	<hr/>	<hr/>
	5,829	73,558
	<hr/>	<hr/>

Sihayo Gold Limited lease for 25 Charles Street, Perth expired in July 2013.

Other Commitments

The Company currently has no other capital commitments as at 30 June 2013.

Capital Commitments

There were no outstanding capital commitments not provided for in the financial statements of the Company as at 30 June 2013 or 30 June 2012.

NOTES TO THE FINANCIAL STATEMENTS
For The Year Ended 30 June 2013

19. INVESTMENTS IN CONTROLLED ENTITIES

Controlled Entities:	Class of Shares	Cost of Parent Entity's Investment		Equity Holding	
		2013	2012	2013	2012
Inland Goldmines Pty Limited (incorporated in Australia)	Ordinary	583,942	583,942	100%	100%
Excelsior Resources Pty Limited (incorporated in Australia)	Ordinary	1,062,900	1,062,900	100%	100%
Oropa Technologies Pty Ltd (incorporated in Australia)	Ordinary	1	1	100%	100%
Oropa Indian Resources Pty Limited (incorporated in Australia)	Ordinary	1	1	100%	100%
Oropa Exploration Pty Limited (incorporated in Australia)	Ordinary	1	1	100%	100%
Aberfoyle Pungkut Investments Pte Ltd ^(a) (incorporated in Singapore)	Ordinary	697,537	697,537	100%	100%
PT Sorikmas Mining ^(b) (incorporated in Indonesia)		-	-	75%	75%
		2,344,382	2,344,382		

(a) When Sihayo Gold Limited issued 9,259,259 shares as consideration for exercising the option to acquire 100% of the shares in Aberfoyle Pungkut Indonesia Pte Ltd, it was assigned the vendors receivables from Aberfoyle Pungkut Investments Pte Ltd and PT Sorikmas Mining. This reduced the cost of the investment in Aberfoyle Pungkut Investments Pte Ltd.

(b) Aberfoyle Pungkut Investments Pte Ltd holds a 75% interest in PT Sorikmas Mining, with an Indonesian Government mining company PT Aneka Tambang holding the remaining 25%. The outside equity interest in PT Sorikmas Mining equates to 25% of the issued capital of USD \$300,000, being AUD \$2,009,785 as at 30 June 2013 (2012: AUD \$678,797).

NOTES TO THE FINANCIAL STATEMENTS
For The Year Ended 30 June 2013

20. NOTES TO THE STATEMENT OF CASH FLOWS

(a) Reconciliation of Cash and Cash Equivalents

For the purposes of the Statement of Cash Flows cash includes cash and cash equivalents on hand and at call deposits with banks, and investments in money market instruments net of outstanding bank overdrafts. Cash and cash equivalents at the end of the financial year as shown in the Statement of Cash Flows is reconciled to the related items in the Statement of Financial Position as follows:

	Consolidated	
	2013	2012
	\$	\$
	<hr/>	<hr/>
Cash at Bank	3,007,754	11,130,476
	<hr/>	<hr/>

(b) Reconciliation of operating loss after income tax to net cash flow from operating activities

	Consolidated	
	2013	2012
	\$	\$
	<hr/>	<hr/>
Operating (loss) after income tax	(9,939,432)	(9,711,061)
<u>Non Cash Items</u>		
Depreciation	207,823	185,893
Exploration costs written off	-	-
Convertible note costs	-	-
Plant & equipment written off	52,146	-
Share based payments	42,165	-
Diminution in investments	8,400	-
Increase in OEI deduction	1,330,988	43,065
<u>Change in operating assets and liabilities, net of effects from purchase controlled entity</u>		
(Increase) / decrease in trade and other receivables	(497,401)	(1,249,840)
Increase / (decrease) in payables	(508,043)	373,636
Increase / (decrease) in provisions	56,415	66,511
Increase / (decrease) in inventory	13,351	(31,496)
Increase / (decrease) in FX	1,218,647	(991,018)
	<hr/>	<hr/>
Net cash (outflow) from operating activities	(8,014,941)	(11,314,310)
	<hr/>	<hr/>

NOTES TO THE FINANCIAL STATEMENTS
For The Year Ended 30 June 2013

21. EARNINGS PER SHARE

	Consolidated Entity	
	2013	2012
(a) Basic and diluted loss per share (in cents)	(1.23)	(1.36)
(b) Weighted average number of shares outstanding during the year used in the calculation of basic earnings per share	810,149,852	715,175,942

As the company made a loss for the year, diluted earnings per share is the same as basic earnings per share.

22. JOINT VENTURES

The consolidated entity has interests in the following unincorporated exploration joint ventures:

Joint Venture	Joint Venture Partner	Principal Activities	Interest 2013	Interest 2012
<i>Aberfoyle Pungkut Investments Ptd Ltd Pungkut</i>	Indonesian Government	Mineral exploration	75%	75%

At balance date there was no exploration and evaluation expenditure in respect of areas of interest subject to joint ventures included in other non-current assets of the consolidated entity and Company. For details of capital expenditure commitments relating to joint ventures, refer to note 18.

The projects detailed below, the consolidated entity and the parent entity once held an equity interest in the projects but subsequently has sold them, however they have retained the right to receive royalties on the projects.

Parent Entity

Sihayo Gold Limited

Project	Principal Activities	Interest 2013	Interest 2012
<i>Mt Keith</i>	Mineral exploration	2% Royalty	2% Royalty

Controlled Entities:

Excelsior Resources Pty Limited

Project	Principal Activities	Interest 2013	Interest 2012
Mulgabbie	Mineral exploration	2% Royalty	2% Royalty

NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended 30 June 2013

23. FINANCIAL INSTRUMENTS

Net Fair Value of Financial Assets and Liabilities

The net fair value of financial assets and financial liabilities of the Company approximates their carrying value. The Group and the parent hold the following financial instruments:

	Consolidated	
	2013	2012
	\$	\$
	<hr/>	<hr/>
Financial Assets		
Cash and cash equivalents	3,007,754	11,130,476
Trade and other receivables	3,067,174	2,569,684
Other financial assets	8,550	16,950
Security deposits	23,085	5,050
	<hr/>	<hr/>
Total Financial Assets	6,106,563	13,722,160
	<hr/> <hr/>	<hr/> <hr/>
Financial Liabilities		
Trade and other payables	1,537,731	1,064,353
Other liabilities	23,605	23,605
	<hr/>	<hr/>
Total Financial Liabilities	1,561,336	1,087,958
	<hr/> <hr/>	<hr/> <hr/>

Credit Risk

The Company's maximum exposure to credit risk at the reporting date was as detailed below:

	Consolidated	
	2013	2012
	\$	\$
	<hr/>	<hr/>
Financial Assets		
Cash and cash equivalents	3,007,754	11,130,476
Trade and other receivables	3,067,174	2,569,684
Other financial assets	8,550	16,950
Security deposits	23,085	5,050
	<hr/>	<hr/>
Total Financial Assets	6,106,563	13,722,160
	<hr/> <hr/>	<hr/> <hr/>

Impairment Losses

No impairment loss was recognised in either 2013 or 2012 with regards to receivables. The Company does not have any material credit risk exposure to any single debtor or group of debtors under financial instruments entered by the economic entity.

NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended 30 June 2013

23. FINANCIAL INSTRUMENTS (continued)

Foreign currency risk management

The Consolidated Entity and Company undertake certain transactions denominated in foreign currencies, hence exposures to exchange rate fluctuations arise. Sihayo Gold Limited has opened a US Bank Account to manage exchange rate fluctuations.

The carrying amount of the Consolidated Entity's foreign currency denominated assets and liabilities at the reporting date in Australian dollars is as follows:

	Liabilities		Assets	
	2013	2012	2013	2012
	\$	\$	\$	\$
Australian Dollars	1,507,431	1,052,688	4,483,905	2,910,848

The table below details financial assets and liabilities of the consolidated entity exposed to foreign currency risk.

	Consolidated	
	2013	2012
	\$	\$
Cash and cash equivalents		
SGD	2,037	2,307
USD	4,084,882	2,955,324
Trade and other payables		
SGD	5,000	5,000
USD	1,376,988	1,065,497

Sensitivity Analysis

The table below summarises the impact of a 10 per cent weakening/strengthening of the Australian dollar against the US dollar and the Singaporean dollar in the movement of the financial assets and liabilities listed in the previous table.

NOTES TO THE FINANCIAL STATEMENTS
For The Year Ended 30 June 2013

23. FINANCIAL INSTRUMENTS (continued)

		Consolidated	
Impact on post-tax profit and accumulated losses	AUD	2013	2012
AUD / USD	+10%	186,495	185,586
AUD / USD	-10%	(185,687)	(186,385)
SGD / USD	+10%	(204)	(199)
SGD / USD	-10%	260	218

		Consolidated	
Impact on equity reserve only	AUD	2013	2012
USD	+10%	186,495	185,586
USD	-10%	(185,687)	(186,385)
SGD	+10%	(204)	(199)
SGD	-10%	260	218

24. EVENTS OCCURRING AFTER REPORTING DATE

Non-Renounceable Entitlement Offer

On September 13 the company announced it is seeking to raise up to approximately \$2,956,913 (before costs) through a pro rata non-renounceable entitlements offer of one (1) fully paid ordinary share in the capital of the Company (Share) for every ten (10) Shares held by eligible shareholders on the record date at an issue price of \$0.035 per Share. There is no minimum subscription in respect of the Entitlement Offer.

Loan Agreement

On 12 September 2013, the Company entered into an interim loan agreement with Provident Minerals Pte Ltd (Provident), a Shareholder of the Company, pursuant to which Provident has agreed to make a loan facility of up to US\$750,000 available to the Company.

The Company will pay interest of 7% per annum on any funds drawn down by the Company under the Loan facility and any funds drawn down, plus any accrued interest, are repayable on the earlier of 30 October 2013 and the date that the Company is entitled to the proceeds of the Entitlement Offer.

Provident is not charging a facility fee on the loan, making the loan commercially attractive to the Company. The funds from the Loan Facility will be applied towards working capital and continuation of the Feasibility Study of the Sihayo Pungkut project.

25. SEGMENT INFORMATION

Primary reporting – geographical segments

The geographical segments of the consolidated entity are as follows:

Revenue by geographical region

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

NOTES TO THE FINANCIAL STATEMENTS
For The Year Ended 30 June 2013

25. SEGMENT INFORMATION (continued)

	30 June 2013	30 June 2012
	\$	\$
Australia	15,545	104,490
Africa	-	-
South East Asia	-	-
India	-	-
Other foreign countries	-	-
Total revenue	<u>15,545</u>	<u>104,490</u>

Segment result by geographical region

	30 June 2013	30 June 2012
	\$	\$
Australia	(692,626)	(809,299)
Africa	(599)	(4,191)
South East Asia	(9,246,207)	(8,897,344)
India	-	(227)
Segment Result	<u>(9,939,432)</u>	<u>(9,711,061)</u>

Assets by geographical region

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

	30 June 2013	30 June 2012
	\$	\$
Australia	1,768,944	10,962,731
Africa	22,303	22,211
South East Asia	30,518,705	19,239,112
India	2	2
Total Assets	<u>32,309,954</u>	<u>30,224,056</u>

Liabilities by geographical region

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

	30 June 2013	30 June 2012
	\$	\$
Australia	670,979	321,128
Africa	-	-
South East Asia	1,802,045	1,556,924
India	-	-
Total Liabilities	<u>2,473,024</u>	<u>1,878,052</u>

DIRECTORS' DECLARATION

DIRECTORS' DECLARATION

In accordance with a resolution of the directors of Sihayo Gold Limited, I state that:

1. In the opinion of the directors:

- (a) The financial statements, notes and the additional disclosures included in the directors' report designated as audited, of the Company and of the consolidated entity are in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the Company's and consolidated entity's financial position as at 30 June 2013 and of their performance for the year ended on that date; and
 - (ii) complying with Accounting Standards and Corporations Regulations 2001; and
- (b) There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.
- (c) The financial report also complies with International Financial Reporting Standards as disclosed in Note 1.

2. This declaration has been made after receiving the declarations required to be made to the directors in accordance with section 295A of the *Corporations Act 2001* for the financial year ended 30 June 2013.

On behalf of the Board



PETER BILBE

Director

30 September 2013

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

Report on the Financial Report

We have audited the accompanying financial report of Sihayo Gold Limited, which comprises the consolidated statement of financial position as at 30 June 2013, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' responsibility for the Financial Report

The directors of the company are responsible for the preparation and fair presentation of the 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 financial report that is free from material misstatement, whether due to fraud or error. In note 1, the directors also state, in accordance with Australian Accounting Standard AASB 101 Presentation of Financial Statements, that the financial report, comprising the financial statements and notes, complies with International Financial Reporting Standards.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

Our audit did not involve an analysis of the prudence of business decisions made by directors or management.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*.

Auditor's opinion

In our opinion:

- (a) the financial report of Sihayo Gold Limited is in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2013 and of its performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards and the Corporations Regulations 2001.
- (b) the consolidated financial report also complies with International Financial Reporting Standards as disclosed in note 1.

Report on the Remuneration Report

We have audited the remuneration report included in pages 30 to 33 of the directors' report for the year ended 30 June 2013. The directors of the Company are responsible for the preparation and presentation of the remuneration report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards

Auditor's opinion

In our opinion the remuneration report of Sihayo Gold Limited for the year ended 30 June 2013 complies with section 300A of the *Corporations Act 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
30 September 2013

ADDITIONAL SHAREHOLDER INFORMATION

The following additional information dated 26 September 2013 is provided in compliance with the requirements of the Australian Securities Exchange Limited.

1 DISTRIBUTION OF LISTED ORDINARY SHARES AND OPTIONS

(a) Analysis of numbers of shareholders by size of holding.

Distribution	No. of shareholders	Units	% of issued Capital
1-1000	497	232,462	0.03%
1,001-5,000	863	2,260,041	0.27%
5,001-10,000	324	2,573,575	0.30%
10,001-100,000	475	18,071,810	2.14%
100,001 and above	191	821,694,405	97.26%
Total	2,350	844,832,293	100.00%

(b) There were 1,735 shareholders holding less than a marketable parcel.

(c) The percentage of the total of the twenty largest holders of ordinary shares was

2 TWENTY LARGEST SHAREHOLDERS AND OPTION HOLDERS

Names	No. of shares	%
National Nominees Ltd.	117,618,728	13.92%
Providents Mineral PTE LTD	79,470,700	9.41%
PT Saratoga Investama	79,470,699	9.41%
HSBC Custody Nom Aust Ltd	51,853,905	6.14%
Shane Investment Kendall Ltd	50,000,000	5.92%
JP Morgan Nom Aust Ltd	41,191,638	4.88%
Goldstar Asia Mining Res	41,030,239	4.86%
Citicorp Nom PL	34,128,668	4.04%
Yaw Chee Siew	31,515,151	3.73%
Asian Lion Ltd	30,122,242	3.57%
Fats PL	26,898,661	3.19%
DBS Vickers Sec Singapore	22,674,266	2.68%
Lion Selection Group Ltd	21,940,377	2.60%
PT Teknologi Riset Global	14,545,455	1.72%
Insight Capital Management PL	13,294,039	1.57%
Pettersson Bradley John	12,724,000	1.51%
Devine Luke David	8,023,907	0.95%
Gemtwin PL	7,825,316	0.93%
Caudle Gavin Arnold	6,613,984	0.78%
Ganesh International Ltd	5,010,120	0.59%
Total	522,522,031	74.26%

There were no options in the Company listed on the ASX as at 26 September 2013.

ADDITIONAL SHAREHOLDER INFORMATION

3 SUBSTANTIAL SHAREHOLDERS

An extract from the Company's register of substantial shareholders is set out below:

Ordinary Shares Held Name	Number	Percentage
National Nominees Ltd.	117,618,728	13.92%
Providents Mineral PTE LTD	79,470,700	9.41%
PT Saratoga Investama	79,470,699	9.41%
HSBC Custody Nom Aust Ltd	51,853,905	6.14%
Shane Investment Kendall Ltd	50,000,000	5.92%

4 VOTING RIGHTS

The Company's share capital is of one class with the following voting rights:

(a) Ordinary Shares

On a show of hands every shareholder present in person or by proxy shall have one vote and upon a poll each share shall have one vote.

(b) Options

The Company's options have no voting rights.

5 RESTRICTED SECURITIES

There are no ordinary shares on issue that have been classified by the Australian Securities Exchange Limited, Perth as restricted securities.

6 SECURITIES EXCHANGE LISTING

Sihayo Gold Limited shares are listed on the Australian Securities Exchange Limited. The home exchange is the Australian Securities Exchange (Perth) Limited.

ADDITIONAL SHAREHOLDER INFORMATION

SUMMARY OF TENEMENTS HELD BY COMPANY FOR THE YEAR ENDED 30 JUNE 2013

Project Name	Tenement Date	Approval Date	Expiry	Area	Equity %
OROPA INDIAN RESOURCES INDIA					
Block D-7		22.01.00	N/A	4,600km ²	9 ⁽¹⁾
PT SORIKMAS MINING INDONESIA					
Pungkut	96PK0042	31.05.96	N/A	66,200ha	75
SIHAYO GOLD LIMITED WESTERN AUSTRALIA					
Mt. Keith	M53/490	11.06.04	10.06.25	582ha	0 ⁽²⁾
	M53/491	11.06.04		621ha	0 ⁽²⁾
EXCELSIOR RESOURCES PTY LTD					
Mulgabbie	ML28/364	25.03.09	24.03.30	54.3ha	0 ⁽²⁾
	PL28/1078	22.09.08		98.0ha	0 ⁽²⁾
	PL28/1079	22.09.08		143.7ha	0 ⁽²⁾
	PL28/1080	22.09.08		140.7ha	0 ⁽²⁾
	PL28/1081	22.09.08		191.4ha	0 ⁽²⁾
	PL28/1082	22.09.08		120.0ha	0 ⁽²⁾
Gullewa	M59/394			200.0	0 ⁽³⁾

NOTES

- ⁽¹⁾ Option to increase interest to 18%
- ⁽²⁾ 2% net smelter royalty