



SIHAYO GOLD LIMITED

ACN 009 241 374

**HALF YEAR FINANCIAL STATEMENTS
31 DECEMBER 2016**

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

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SIHAYO GOLD LIMITED AND CONTROLLED ENTITIES
ACN 009 241 374

DIRECTORS' REPORT
FOR THE HALF YEAR ENDED 31 DECEMBER 2016

Your directors present their report on the consolidated entity consisting of Sihayo Gold Limited ("Sihayo Gold" or "the Company") and the entities it controlled at the end of, or during the half-year ended 31 December 2016.

DIRECTORS

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

Misha Collins
Stuart Leslie Gula(i)
Daniel Garry Nolan
Gavin Caudle

Note:

(i) Stuart Leslie Gula resigned as Managing Director, but continue as a Non Executive Director from 14 February 2017

RESULT

The net operating loss for the half-year ended 31 December 2016 was \$ 360,957 and for the half year ended 31 December 2015 the loss was \$ 1,014,133.

REVIEW OF OPERATIONS

The focus of activities during the period included ongoing work to conclude permitting and approvals associated with the Sihayo Pungkut Gold Project ("SPGP") Feasibility Study and in order to maintain the Contract of Work (CoW) in good standing.

Ongoing expenditure reductions associated with surface exploration and other non priority activity has continued.

1. Sihayo Pungkut Gold Project

Location Plan

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

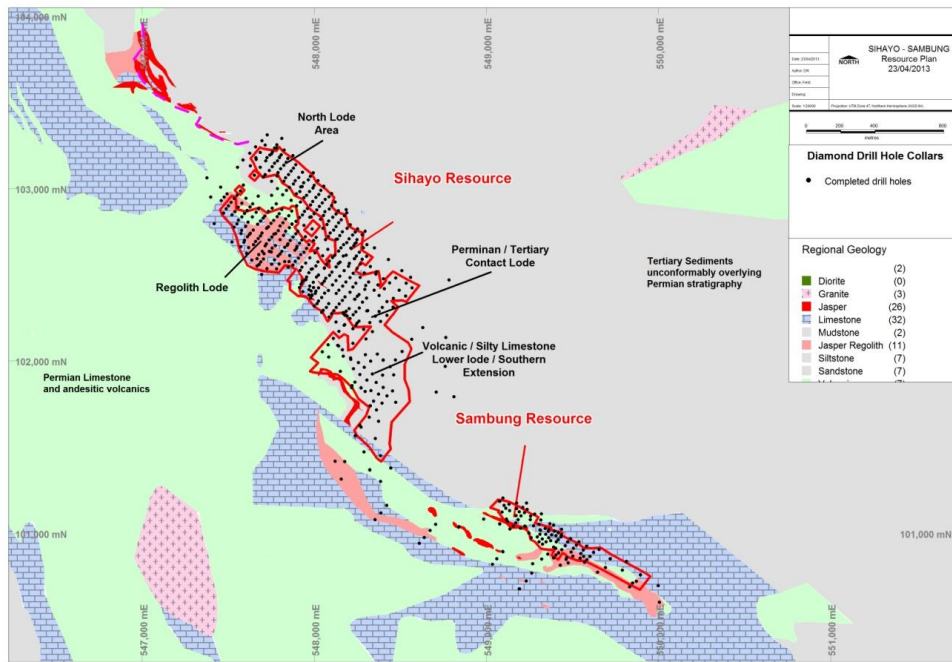
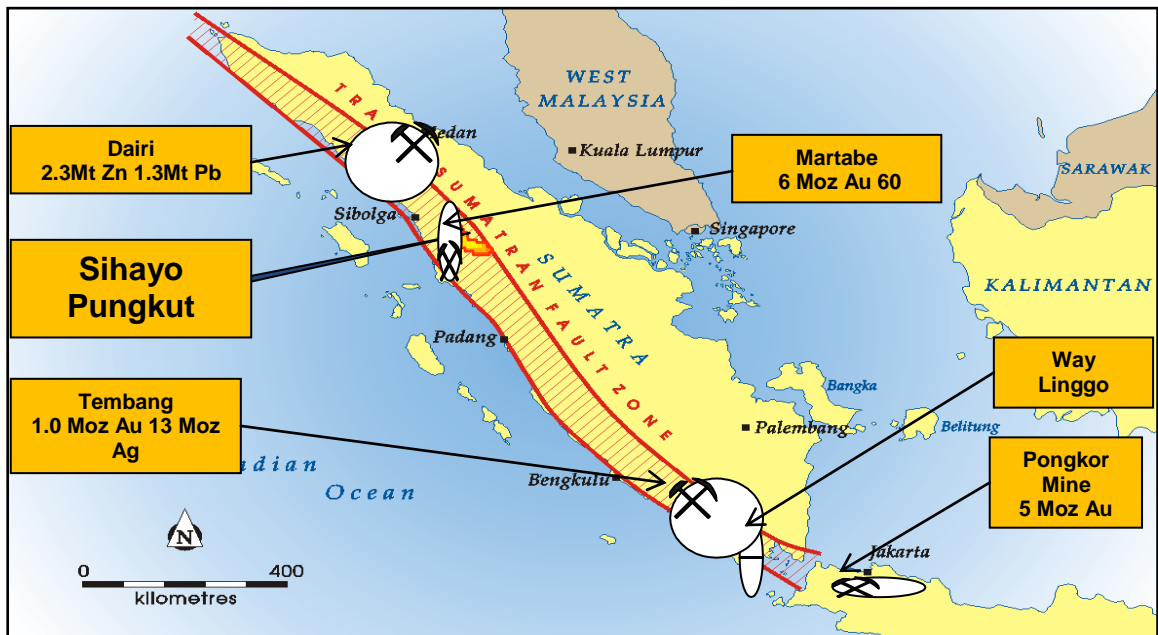


Figure 2: Sihayo-Sambung Resources Location Plan
Mineral Resource Estimate

The Sihayo and Sambung deposits Mineral Resource Estimate was previously announced June 17, 2013 and no material changes have occurred. It is based on Mineral Resource Estimates review and work undertaken by H&S Consultants Pty Ltd. The relevant JORC 2012 Table 1 is available on our website.

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	102,000	Measured & Indicated & Inferred	1.2
TOTAL	16.9	2.6	1,424,000	Measured & Indicated & Inferred	1.2

"Above figures may not sum due to rounding. Significant figures do not imply an added level of precision"

Ore Reserves

The Sihayo Ore Reserve was previously announced on January 29, 2014 and no material changes have occurred. Indicated and Measured Resources have been converted to Probable and Proved Ore Reserves by Entech Pty Ltd. The relevant JORC 2012 Table 1 is available on our website.

Resource	Tonnage (Mt)	Grade Au (g/t)	Contained Gold ounces	Resource Category
SIHAYO	2.43	2.4	190,000	Proved
	4.71	2.4	363,000	Probable
TOTAL	7.14	2.4	554,000	Proved & Probable

"Calculations have been rounded to the nearest 1,000t, 0.1 g/t grade and 1,000oz metal"

Permitting and Approvals

The Project is located within a Generation VII Contract of Work (CoW) located in Northern Sumatra, Indonesia.

The Company holds an interest in the Project through 100% ownership of Aberfoyle Pungket Investments Pte Ltd (API). The CoW is held by PT Sorikmas Mining (Sorikmas) which is operated under a Joint Venture arrangement between API - 75% and PT Aneka Tambang – 25% (ANTAM).

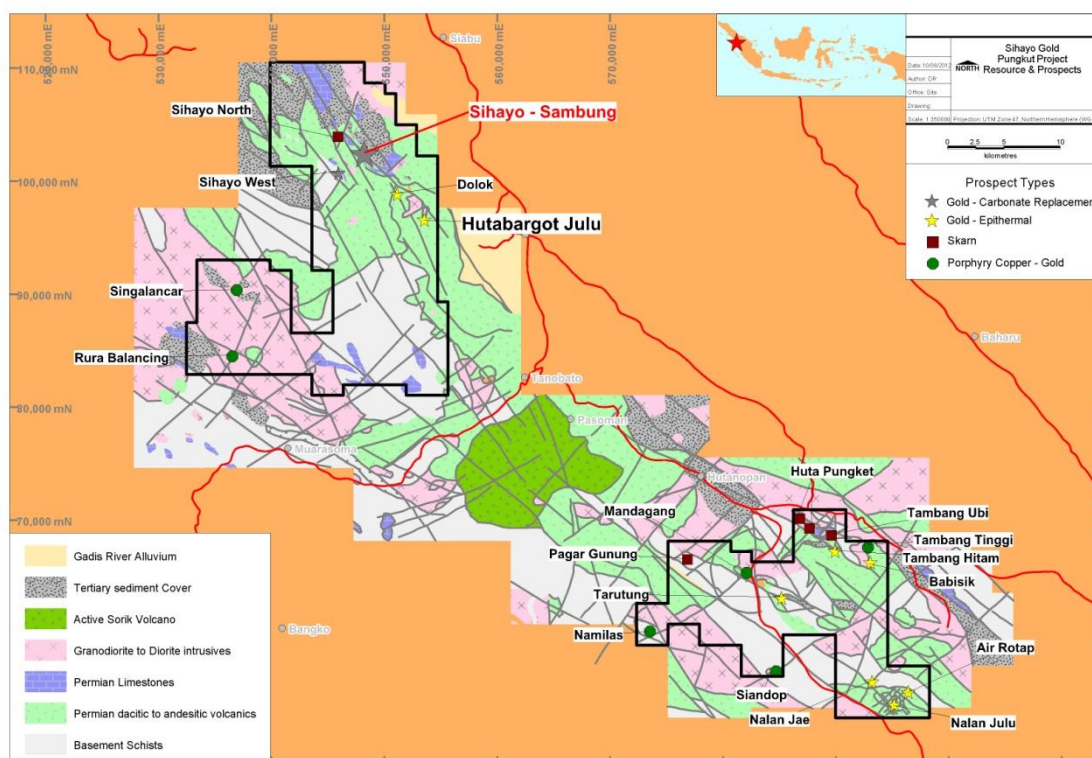


Figure 4: Sihayo Pungket Gold Project – CoW Boundary, Project Location & Key Prospects

The Company announced receipt of the Construction Permit from the Director General of Minerals & Coal within the Ministry of Energy & Mineral Resources on 7 December 2016.

This major permit required from the Government of Indonesia and accordance with the provisions of the Contract of Work allows the Company to progress the Project subject to necessary project funding.

Key permits for the project to progress to the construction phase are as follows:

- A Government of Indonesia Feasibility Study submitted during February 2014 comprising technical and financial information in support of the project was announced as 'initially' approved on 24 September 2014.
- The AMDAL assessment used by the Ministry of Environment (KLH) as an instrument for supervision over the project and regional development in the area of the operation was announced on 1 December 2015.
- The Forestry or 'Borrow and Use' (Pinjam Pakai) permitting from the Forestry Department was announced on 30 September 2016.

Feasibility Study Optimisation

Review of the 2014 feasibility study to identify broad areas of potential for economic improvement and/or risk reduction is in progress.

Key initial areas of focus include;

1. Alternative processing routes for high grade/low recovery material within the existing Resource.

Specifically the Company initiated a metallurgical review and test work program being undertaken at AAML in Gosford to investigate the potential to improve recoveries with whole of ore pre-treatment and other processing options.

We have received favourable results from a number of process routes that demonstrate encouraging improvements in recovery relative to previous baseline cyanide leaching tests.

We await final results from ongoing testwork to identify likely grind size implications, retention time and reagent consumption rates in order to quantify the potential impact on the project.

As previously announced testwork regarding pre-treatment with caustic soda and pre-treatment with nitric acid have delivered the most substantial increases in gold extraction as indicated in the summary of results received to date and presented as follows:

Test Description	% Au Extraction		
	Comp 6	Comp 7	Comp 11
Conventional Cyanide Leach	58.3	42.3	70.8
Cyanide Leach with Carbon in Pulp	62.8	47.9	70.6
Kerosine Treatment followed by Intensive Leach	61.1	49.1	Not done
Hydrochloric Acid Leach followed by Cyanide Leach with Carbon	62.8	54.0	68.3
Nitric Acid Leach followed by Cyanide Leach with Carbon	92.8	90.9	92.5
Caustic Soda (alkaline) Leach followed by Cyanide Leach with Carbon	82.0	78.7	83.1

Test Description	% Au Extraction Difference vs Conventional Cyanide Leach		
	Comp 6	Comp 7	Comp 11
Cyanide Leach with Carbon in Pulp	4.5	5.6	-0.2
Kerosine Treatment followed by Intensive Leach	2.8	6.8	N/A
Hydrochloric Acid Leach followed by Cyanide Leach with Carbon	3.4	9.6	-2.5
Nitric Acid Leach followed by Cyanide Leach with Carbon	33.5	46.5	21.7
Caustic Soda (alkaline) Leach followed by Cyanide Leach with Carbon	22.6	34.3	12.3

Test Description	% Change in Gold Ozs Recovered vs Baseline		
	Comp 6	Comp 7	Comp 11
Cyanide Leach with Carbon in Pulp	8	13	0
Kerosine Treatment followed by Intensive Leach	5	16	N/A
Hydrochloric Acid Leach followed by Cyanide Leach with Carbon	6	23	-4
Nitric Acid Leach followed by Cyanide Leach with Carbon	57	110	31
Caustic Soda (alkaline) Leach followed by Cyanide Leach with Carbon	39	81	17

2. Independent geo-metallurgical review by Sam Garrett is underway in order to achieve the following;
 - a. Improve understanding of the spatial distribution and extent of the dark vs grey jasperoid and the subsequent effect on the recoveries and impacts on the final resource/reserves.
 - b. Improvement of the geology model given its distinctive local characteristics and given its positioning the deposit in the global context of similar known deposits.

Further Resource modelling is expected to be required in due course.

3. Updates and refresh of assumed operating and capital cost assumptions for current market conditions.

During discussions with Perusahaan Listrik Negara (PLN), the Indonesian Government owned power corporation, we have been advised that power shortages are no longer an issue in North Sumatra and there will be grid power available to the Pungkut Project.

The Company is following-up these favourable discussions on a PLN power supply to the Project in order to seek a framework agreement. As noted in previous announcements, a lower cost power supply Project represents a significant value driver for the Project.

Updates will be provided in due course as sufficient information comes to hand.

2. Hutabargot Prospect

A field visit was conducted by Consulting Exploration Geologist, Simon Meldrum with an emphasis on testing the applicability of the mineral district models to the CoW areas and in particular the Hutabargot Julu & Dolok anomalies which the data highlight as an obvious secondary target area for initial consideration. Refer Figure 4.

Simon has noted,

“Consistent and well defined relationships between geochemical and geophysical aspects of the Hutabargot gold target combined with the areas where informal gold mining activity has and is currently active, suggests clear scope for a large scale gold target.”

“The mineral district perspective proposed appears to be valid, highlighting the Hutabargot prospect area as the location where sulphur complex metal transport and concentration mechanisms changed to chloride complex fluid conditions coincident with stronger gold-silver grade development at a late stage in the Sihayo-Hutabargot mineral district’s development.”

Refer Figure 5

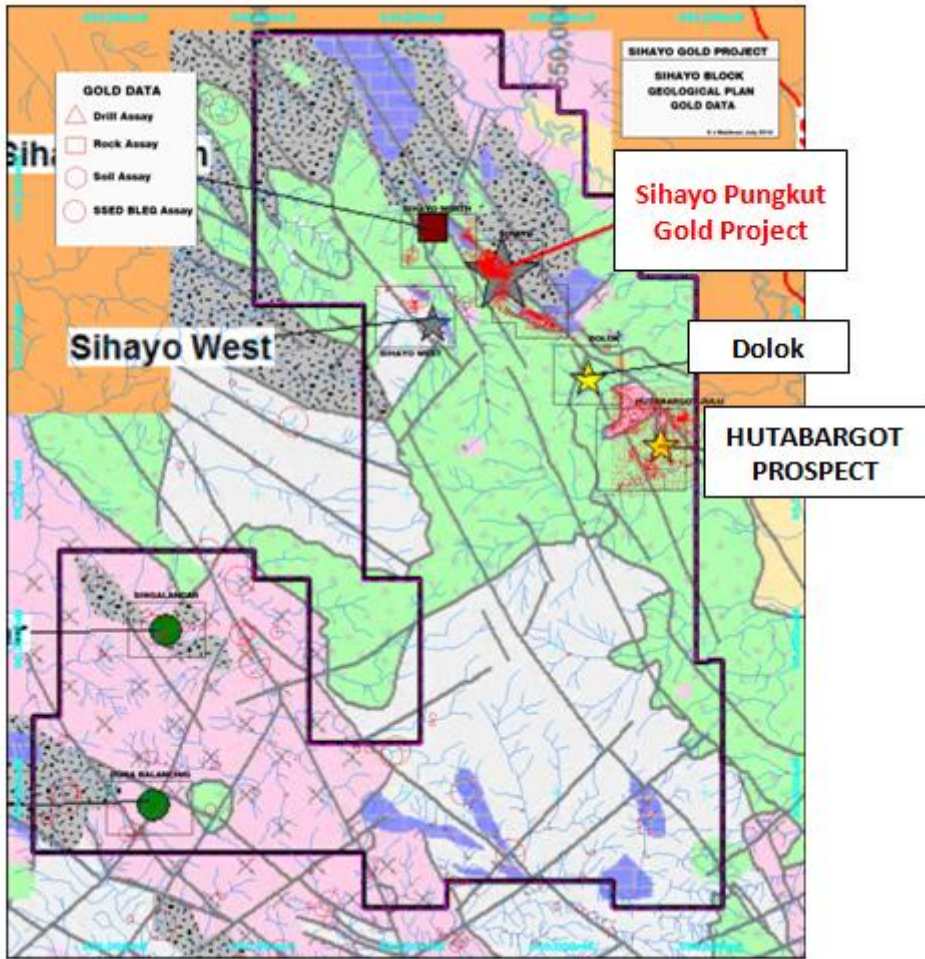


Figure 4: Hutabargot & Dolok Prospects Location Plan

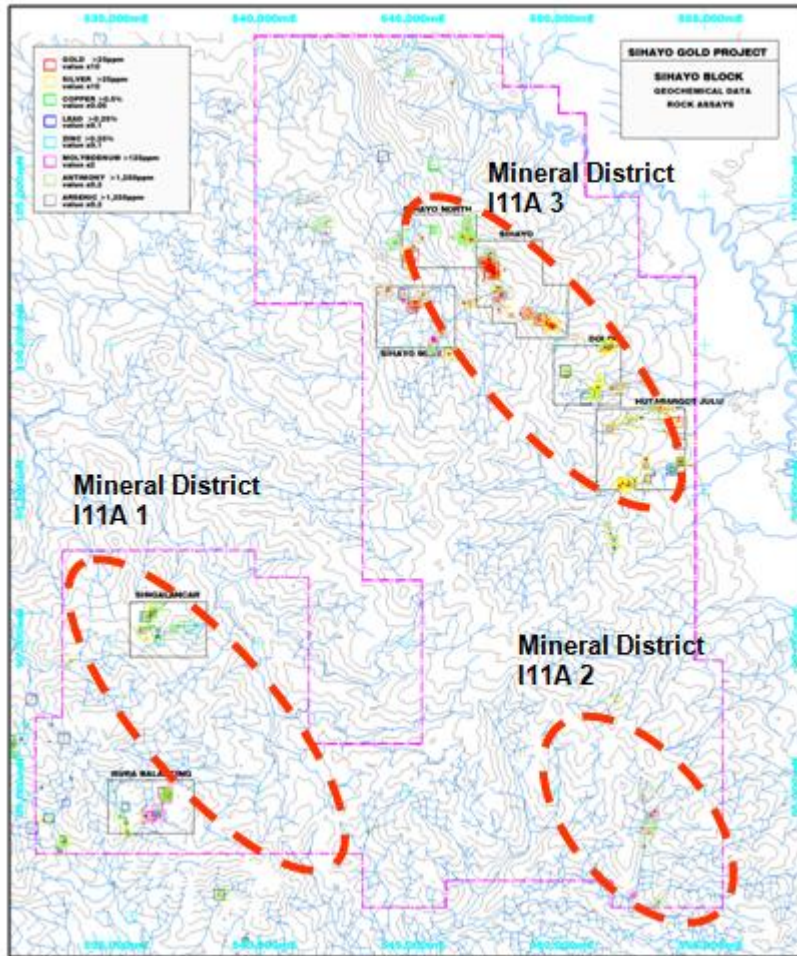


Figure 5: Proposed Mineral Districts & Geochemical Data

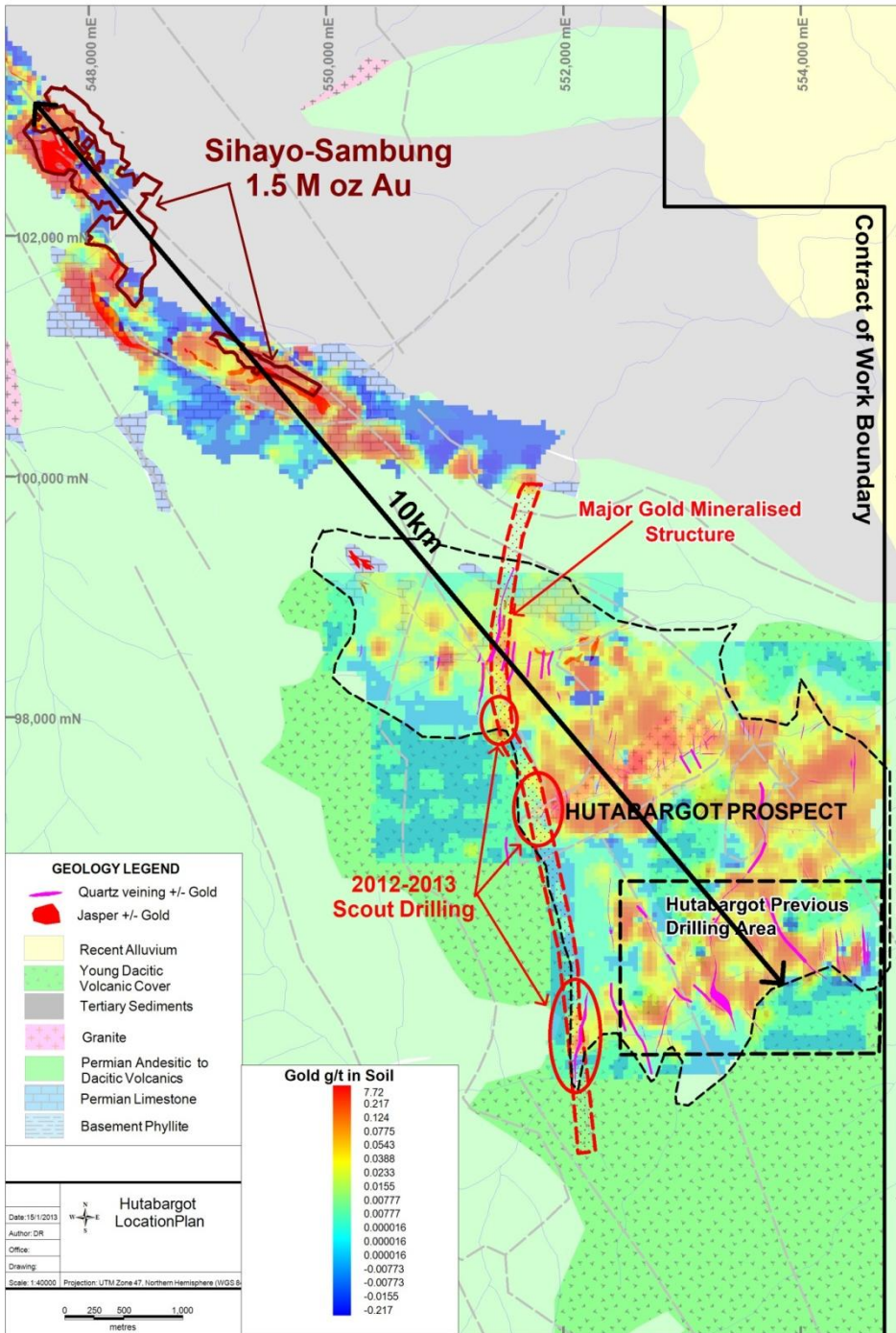


Figure 6: Hutabargot Julu Location

3. Surface Exploration

No activity to report.

4. Key Focus

The following key activities remain:

- Management continues to work with major shareholders in respect to ongoing funding requirements. The Saratoga and Provident Groups have indicated they remain supportive of the Company.
- Focus activity of the company during 2017 is to update the Feasibility Study that was completed in 2014 and continue with ongoing permits and approvals required and prepare the project for potential development.

5. Corporate

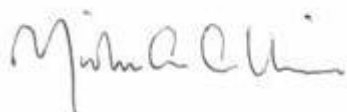
The company issued 450,387,266 shares during the half year @\$0.01 to raise \$4.5 million.

Part of the fund was used to repay convertible loans from Provident Minerals and Saratoga Investments and balance was used for working capital.

AUDITOR'S INDEPENDENCE DECLARATION

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 29.

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



Misha Collins
Chairman

15th March 2017.

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.

Mineral Resources and Ore Reserves

The information is extracted from the reports entitled "Mineral Resource Estimation of the Sihayo & Sambung Deposits, Sumatra Indonesia" created on 5 December 2013 and "Sihayo Open Pit Reserves" created on January 2014 and are available to view on www.sihayogold.com. The company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcement and, in the case of estimates of Mineral Resources or Reserves, that all material assumptions and technical parameters underpinning the estimates in the relevant market announcement continue to apply and have not materially changed. The company confirms the form and context in which the Competent Person's findings are presented have not been materially modified from the original market announcement.

SIHAYO GOLD LIMITED AND CONTROLLED ENTITIES
ACN 009 241 374
CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE
INCOME
FOR THE HALF YEAR ENDED 31 DECEMBER 2016

CONSOLIDATED			
	Note	31.12.2016	31.12.2015
		\$	\$
Other revenue	3	-	152
Total Revenue		-	152
Corporate secretarial expenses		(26,150)	(25,974)
Depreciation	3	(39,095)	(93,009)
Directors' fees		(67,000)	(67,000)
Employee expense		(211,748)	(290,867)
External consultancy expenses		(347,370)	(153,155)
Insurance expenses		-	(7,407)
Legal costs		(447)	(11,713)
Printing, postage and stationary		-	(1,200)
Rates and taxes		22,914	45,255
Provision for impairment of VAT		(70,437)	(172,238)
Travel and entertainment		(12,012)	(14,844)
Finance costs		(45,632)	(202,419)
Gain on Derivative Liability/Derivative Liability Write Back		725,554	359,282
Other expenses		(289,534)	(378,996)
Loss before income tax		(360,957)	(1,014,133)
Income tax expense		-	-
Loss after income tax		(360,957)	(1,014,133)
Other comprehensive income			
<i>Items that may be classified to profit or loss</i>			
Exchange differences on translation of foreign operations		542,253	(2,917,655)
<i>Items that will not be reclassified subsequently to profit or loss</i>		-	-
Total comprehensive profit / (loss)		181,296	(3,931,788)
Loss after income tax attributable to :			
Member of Sihayo Gold Limited		373,097	(271,546)
Non Controlling Interest		(734,054)	(742,587)
		(360,957)	(1,014,133)
Total Comprehensive profit / (loss) after income tax attributable to:			
Member of Sihayo Gold Limited		1,153,593	(2,928,220)
Non Controlling Group		(972,297)	(1,003,568)
		181,296	(3,931,788)

Basic loss per share in cents	(0.02)	(0.09)
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Diluted earnings per share is not disclosed as this would not reflect an inferior position.

The accompanying notes form part of these financial statements.

SIHAYO GOLD LIMITED AND CONTROLLED ENTITIES
ACN 009 241 374
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2016

	Note	31.12.2016 \$	30.06.2016 \$
Current Assets			
Cash and cash equivalents	8	35,924	27,720
Trade and other receivables		281,787	290,042
		317,711	317,762
Non-Current Assets			
Other Asset	10	13,690,527	13,295,317
Plant & equipment		108,749	145,337
		13,799,276	13,440,654
Total Assets		14,116,987	13,758,416
Current Liabilities			
Trade and other payables		766,397	645,898
Borrowings	11	-	4,214,663
Provisions		290,083	26,900
Other liabilities		57,921	57,920
		1,114,401	4,945,381
Total Current Liabilities		1,114,401	4,945,381
Non-Current Liabilities			
Provisions		144,180	425,551
		144,180	425,551
Total Liabilities		1,258,581	5,370,932
Net Assets		12,858,406	8,387,484
Equity			
Issued capital	7	105,815,634	101,526,008
Reserves		13,849,684	13,069,188
Accumulated losses		(97,896,209)	(98,269,306)
		21,769,109	16,325,890
Total parent entity interest		21,769,109	16,325,890
Non-Controlling interest in controlled entities		(8,910,703)	(7,938,406)
Total Equity		12,858,406	8,387,484

The accompanying notes form part of these financial statements.

SIHAYO GOLD LIMITED AND CONTROLLED ENTITIES
ACN 009 241 374
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF YEAR ENDED 31 DECEMBER 2016

CONSOLIDATED	\$	\$	\$	\$	\$	\$
	Share Capital & shares to be issued	Options Reserve	FX Reserve	Accumulated Losses	Non- Controlling Interest	Total
Balance at 1.7.15	101,446,160	2,380,395	13,920,809	(97,456,273)	(6,143,379)	14,147,712
Total loss for the period	-	-	-	(271,546)	(742,587)	(1,014,133)
<u>Other comprehensive income:</u>						
Movement in foreign currency translation reserve	-	-	(2,656,674)	-	(260,981)	(2,917,655)
Total Comprehensive Loss	-	-	(2,656,674)	(271,546)	(1,003,568)	(3,931,788)
Share based payment transactions	-	-	-	-	-	-
Issue of Shares	-	-	-	-	-	-
Balance at 31.12.15	101,446,160	2,380,395	11,264,135	(97,727,819)	(7,146,947)	10,215,924
	\$	\$	\$	\$	\$	\$
	Share Capital & shares to be issued	Options Reserve	FX Reserve	Accumulated Losses	Non- Controlling Interest	Total
Balance at 1.7.16	101,526,008	2,380,395	10,688,793	(98,269,306)	(7,938,406)	8,387,484
Total loss for the period	-	-	-	373,097	(734,054)	(360,957)
<u>Other Comprehensive Income:</u>						
Movement in foreign currency	-	-	780,496	-	(238,243)	542,253
Total Comprehensive Income	-	-	780,496	373,097	(972,297)	181,296
Share based payment transactions	-	-	-	-	-	-
Issue of shares (net of capital raising costs)	4,289,626	-	-	-	-	4,289,626
Balance at 31.12.16	105,815,634	2,380,395	11,469,289	(97,896,209)	(8,910,703)	12,858,406

The accompanying notes form part of these financial statements.

SIHAYO GOLD LIMITED AND CONTROLLED ENTITIES
ACN 009 241 374
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE HALF YEAR ENDED 31 DECEMBER 2016

	Note	CONSOLIDATED 31.12.2016 \$	31.12.2015 \$
Cash flows from operating activities			
Payments to suppliers and employees		(751,093)	(981,012)
Interest received		-	152
		<hr/>	<hr/>
Net cash (used in) operating activities		(751,093)	(980,860)
Cash flows from investing activities			
Purchase of plant & equipment		-	-
Mining exploration and evaluation expenditure		-	-
		<hr/>	<hr/>
Net cash (used in) investing activities		-	-
Cash flows from financing activities			
Proceeds from share issue		4,503,873	-
Proceeds from borrowings		-	-
Proceeds from convertible notes			945,232
Payment of borrowings		(3,530,329)	(1,113)
Cost of share issue		(214,247)	
		<hr/>	<hr/>
Net cash provided by financing activities		759,297	944,119
Net increase / (decrease) in cash and cash equivalents held			
		8,204	(36,741)
Cash and cash equivalents at the beginning of the reporting period			
		27,720	41,004
Effects of exchange rate changes on cash and cash equivalents			
		-	-
		<hr/>	<hr/>
Cash and cash equivalents at the end of the reporting period	8	35,924	4,263

The accompanying notes form part of these financial statements.

SIHAYO GOLD LIMITED AND CONTROLLED ENTITIES
ACN 009 241 374
CONDENSED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2016

1. CORPORATE INFORMATION

Sihayo Gold Limited (the Company) is a company limited by shares incorporated in Australia whose shares are publicly traded on the Australian Securities Exchange. The consolidated half year financial statements of the Group as at and for the six months ended 31 December 2016 comprises the Company and its subsidiaries, together referred to as the "Group".

The consolidated annual financial statements of the Group as at and for the year ended 30 June 2016 is available upon request from the Company's registered office at C-/ McCullough Robertson 11/66 Eagle St, Brisbane 4000 or at www.sihayogold.com.

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES

(a) Basis of preparation

These general purpose interim financial statements for the half-year reporting period ended 31 December 2016 have been prepared in accordance with requirements of the Corporations Act 2001 and Australian Accounting Standard AASB 134: Interim Financial Reporting. Sihayo Group is a for-profit entity for financial reporting purposes under Australian Accounting Standards.

This interim financial report is intended to provide users with an update on the latest annual financial statements of Sihayo Gold Limited and its controlled entities (referred to as the "Consolidated Group" or "Group"). As such, it does not contain information that represents relatively insignificant changes occurring during the half-year within the Group. It is therefore recommended that this financial report be read in conjunction with the annual financial statements of the Group for the year ended 30 June 2016, together with any public announcements made during the following half-year.

These interim financial statements were authorized for issue on 15 March 2017

(b) Accounting Policies

The same accounting policies and methods of computation have been followed in this interim financial report as were applied in the most recent annual financial statements. The Group has considered the implications of new and amended Accounting Standards but determined that their application to the financial statements is either not relevant or not material.

SIHAYO GOLD LIMITED AND CONTROLLED ENTITIES
ACN 009 241 374
CONDENSED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2016

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES (CONTINUED)

(c) Principles of Consolidation

The consolidated financial statements incorporate all of the assets, liabilities and results of the parent (Sihayo Gold Limited) and all of the subsidiaries (including any structured entities). Subsidiaries are entities the parent controls. The parent controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

The assets, liabilities and results of all subsidiaries are fully consolidated into the financial statements of the Group from the date on which control is obtained by the Group. The consolidation of a subsidiary is discontinued from the date that control ceases. Intercompany transactions, balances and unrealised gains or losses on transactions between Group entities are fully eliminated on consolidation. Accounting policies of subsidiaries have been changed and adjustments made where necessary to ensure uniformity of the accounting policies adopted by the Group.

Equity interests in a subsidiary not attributable, directly or indirectly, to the Group are presented as "non controlling interests". The Group initially recognises non-controlling interests that are present ownership interests in subsidiaries and are entitled to a proportionate share of the subsidiary's net assets on liquidation at either fair value or at the non-controlling interests' proportionate share of the subsidiary's net assets. Subsequent to initial recognition, non-controlling interests are attributed their share of profit or loss and each component of other comprehensive income. Non-controlling interests are shown separately within the equity section of the statement of financial position and statement of profit or loss and comprehensive income.

(d) Going Concern

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

However, the ability of the 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 loan from shareholders.

The Directors are confident that major shareholders (Provident & Saratoga) will provide continued support and, accordingly, have prepared the financial statements on a going concern basis. At this time, the directors are of the opinion that no asset is likely to be realised for an amount less than the amount at which it is recorded in the financial report at 31 December 2016. Accordingly, no adjustments have been made to the financial report relating to the recoverability and classification of the asset carrying amount or the amount and classification of liabilities that might be necessary, should the Company not continue as a going concern.

SIHAYO GOLD LIMITED AND CONTROLLED ENTITIES
ACN 009 241 374
CONDENSED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2016

	Note	CONSOLIDATED	
		31.12.2016	31.12.2015
		\$	\$
3. OPERATING LOSS			
Operating loss from ordinary activities before income tax has been determined after:			
(a) Crediting as revenue			
Interest received and other Income		-	152
(b) Charging as expense :			
Depreciation		39,095	93,009

4.SEGMENT INFORMATION

Operating segments are identified and segment information disclosed on the basis of internal reports that are regularly provided to, or reviewed by, the Group's chief operating decision maker which, for the Group, is the Board of Directors. In this regard, such information is provided using similar measures to those used in preparing the statement of profit or loss and other comprehensive income and statement of financial position. The Group operates only in the exploration industry, both in Australia and overseas

Primary Reporting – geographical segments

The geographical segments of the consolidated entity are as follows:

Revenue by geographical region

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

	31.12.2016	31.12.2015
	\$	\$
Australia	-	152
Africa	-	-
South East Asia	-	-
India	-	-
Other foreign countries	-	-
Total revenue	-	152

SIHAYO GOLD LIMITED AND CONTROLLED ENTITIES
ACN 009 241 374
CONDENSED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2016

4. SEGMENT INFORMATION (CONTINUED)

Segment Result by geographical region

	31.12.2016	31.12.2015
	\$	\$
Australia	445,574	18,620
Africa	(718)	(184)
South East Asia	(805,488)	(1,032,248)
India	(325)	(321)
Total	<u>(360,957)</u>	<u>(1,014,133)</u>

Assets by geographical region

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

	31.12.2016	30.06.2016
	\$	\$
Australia	170,111	149,433
Africa	21,492	21,650
South East Asia	13,925,382	13,587,331
India	2	2
Total Assets	<u>14,116,987</u>	<u>13,758,416</u>

Liabilities by geographical region

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

	31.12.2016	30.06.2016
	\$	\$
Australia	428,502	4,647,634
Africa	-	-
South East Asia	830,079	723,298
India	-	-
Total Liabilities	<u>1,258,581</u>	<u>5,370,932</u>
Net Assets	<u>12,858,406</u>	<u>8,387,484</u>

SIHAYO GOLD LIMITED AND CONTROLLED ENTITIES
ACN 009 241 374
CONDENSED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2016

5. SUBSEQUENT EVENTS

The company announced on 8 February 2017 that the company is seeking to raise up to approximately \$1,473,109 through a pro rata Non-renounceable entitlements offer of 1 fully paid ordinary share in the capital of the company for every fourteen shares held by eligible shareholders at an issue price of \$0.013 per share. Accordingly, the company will issue approximately 113,316,043 shares pursuant to this entitlement offer.

On 3 March 2017, the company announced that the rights issue closed on 28 February 2017 and the company has received application for 30,483,509 million shares out of the 113,316,043 shares in the entitlements offer. The number of remaining shortfall shares is 82,832,534 million shares. The directors will now consider the issue of additional shortfall shares. The balance remaining will be placed with Provident Minerals Pte Ltd as per the underwriting agreement.

6. CONTINGENCIES & COMMITMENTS

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

	31.12.2016	30.06.2016
	\$	\$
7. ISSUED CAPITAL		
Ordinary shares		
Issued & fully paid	<u>105,815,634</u>	<u>101,526,008</u>
	<u>105,815,634</u>	<u>101,526,008</u>

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

		31.12.2016	
		No. of shares	\$
1 July 2016	Opening balance	1,136,037,339	101,526,008
	Shares Issued	<u>450,387,266</u>	<u>4,503,873</u>
		<u>1,586,424,605</u>	<u>106,029,881</u>
	Less :		
	Share issue costs	<u>-</u>	<u>214,247</u>
	Balance as at 31 December 2016	<u>1,586,424,605</u>	<u>105,815,634</u>

Options

As at 31 December 2016, the Company had no unlisted options.

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	31.12.2016	30.06.2016
	\$	\$
8. RECONCILIATION OF CASH		
Cash and cash equivalents	35,924	27,720
	35,924	27,720

9. RELATED PARTIES

Group

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

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

Transactions between Sihayo Gold Limited and related parties in the Group during the period ended 31 December 2016 consist of loans on an interest free basis with no fixed term and no specific repayment arrangement. Sihayo Gold Limited made an additional provision for doubtful debts of \$2,850,974 in its accounts for the period ended 31 December 2016 in relation to the loans made to its subsidiaries. No other amounts were included in the determination of operating loss before tax of the parent entity that resulted from transactions with related parties in the Group.

Other related parties

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

	31.12.2016	30.06.2016
	\$	\$
Non current receivables	96,731,411	93,880,437
Provision for Doubtful Debts	(96,731,411)	(93,880,437)
	-	-

	31.12.2016	30.06.2016
	\$	\$
10. NON CURRENT		
Deposits	-	41,071
Capitalised exploration expenditure	13,690,527	13,254,246
	13,690,527	13,295,317

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10. EXPLORATION EXPENDITURE (CONTINUED)

10(i). MINING EXPLORATION AND EVALUATION EXPENDITURE

	31.12.2016	30.06.2016
	\$	\$
Opening Balance	13,254,246	16,626,287
Additions during the period	-	-
Provision for Impairment	-	-
Write Offs	-	-
Foreign currency movements	436,281	(3,372,041)
Closing Balance	<u><u>13,690,527</u></u>	<u><u>13,254,246</u></u>

The directors have reviewed the carrying value at capitalised exploration and evaluation costs at 31 December 2016 and are satisfied there is no further impairment at the reporting date.

11. BORROWINGS

	31.12.2016	30.06.2016
	\$	\$
Working capital (i)(a)	-	536,985
Convertible note liabilities (ii)	-	2,735,677
Embedded derivatives (iii)	-	942,001
	<u><u>-</u></u>	<u><u>4,214,663</u></u>

As of 31 December 2016, all the borrowings to Provident Minerals Pte Ltd & PT Saratoga Investama Sedaya Tbk had been repaid.

(i) (a) The funds were borrowed from Provident Minerals Pte Ltd. Interest of 10% is charged on the loan. Gavin Caudle is a director of Sihayo Gold and Provident Minerals and the loan is therefore a related party transaction. Final maturity date was 31 December 2016 or any other date mutually agreed between the parties. The loan was repaid on 6 September 2016.

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11. BORROWINGS (CONTINUED)

(ii) In prior year, Sihayo Gold issued two convertible notes of USD500K each from Provident Minerals and Saratoga Investama

a. Provident Note:

The terms of the convertible notes are as follows:

- i. Issue date: 03 July 2015
- ii. Maturity date: 5.00 pm Australian Eastern Standard Time ('AEST') on the first anniversary of the initial drawdown date or such other date agreed by the parties
- iii. Principal amount: USD \$500,000
- iv. Share price: \$0.009
- v. Loan facility fee: USD 15,000 (representing 3% of the principal amount and is capitalised on initial drawdown and will form part of the principal amount)
- vi. Availability of Loan facility: Draw down available during the period of 3 July 2015 to 30 June 2016
- vii. Conversion price: AUD /USD conversion provided by the RBA for the preceeding day the conversion note is given @70% of the 10 day volume weight average price (VWAP) price also taken from the preceeding date from when the conversion note is given.
- viii. Interest: Coupon payment of 7% payable annually
- ix. The Lender may elect to have the Outstanding Sum repaid to the Lender (In whole or part) by the issue to the Lender of Conversion Shares
- x. The outstanding liability and interest was repaid on 6 September 2016

b. Saratoga note:

The terms of the convertible notes are as follows:

- i. Issue date: 04 November 2015
- ii. Maturity date: 5.00 pm Australian Eastern Standard Time ('AEST') on the first anniversary of the initial drawdown date or such other date agreed by the parties
- iii. Principal amount: USD \$500,000
- iv. Share price: \$0.011
- v. Loan facility fee: USD 15,000 (representing 3% of the principal amount and is capitalised on initial drawdown and will form part of the principal amount)
- vi. Availability of Loan facility: Draw down available during the period of 26 October 2015 to 30 June 2016
- vii. Conversion price: AUD /USD conversion provided by the RBA for the preceeding day the conversion note is given @70% of the 10 day volume weight average price (VWAP) price also taken from the preceeding date from when the conversion note is given.
- viii. Interest: Coupon payment of 7% payable annually
- ix. The Lender may elect to have the Outstanding Sum repaid to the Lender (In whole or part) by the issue to the Lender of Conversion Shares
- x. The outstanding liability and interest was repaid on 29 September 2016

**SIHAYO GOLD LIMITED AND CONTROLLED ENTITIES
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DIRECTORS' DECLARATION

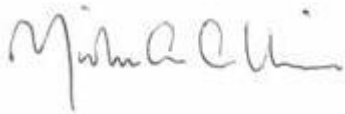
The directors declare that

1. The consolidated financial statements and notes set out on pages 14-25;
(a) comply with Accounting Standard AASB 134: – Interim Financial Reporting, the Corporations Regulations and other mandatory professional reporting requirements; and

(b) give a true and fair view of the consolidated entity's financial position as at 31 December 2016 and of its performance for the half-year ended on that date.
2. In the directors' opinion there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

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

Dated at Melbourne this 15th day of March 2017.



Misha Collins
Chairman

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

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Sihayo Gold Limited, which comprises the consolidated statement of financial position as at 31 December 2016, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity, and the consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration for Sihayo Gold Limited (the consolidated entity). The consolidated entity comprises both Sihayo Gold Limited (the Company) and the entities it controlled during the half year.

Directors' Responsibility for the Half-Year Financial Report

The directors of Sihayo Gold Limited are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2016 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Sihayo Gold Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Whilst we considered the effectiveness of management's internal controls over financial reporting when determining the nature and extent of our procedures, our review was not designed to provide assurance on internal controls.

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

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, has been provided to the directors of Sihayo Gold Limited on 15 March 2017.

Conclusion

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

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2016 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standards AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*.

Inherent Uncertainty Regarding Going Concern and the carrying value of Mining Exploration and Evaluation Expenditure

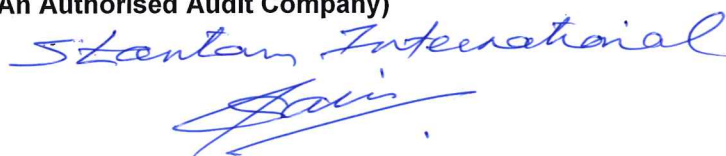
Without qualification to the review conclusion expressed above, attention is drawn to the following matters.

- i) As referred to in Note 2(d) to the interim financial report, the half year report has been prepared on a going concern basis. At 31 December 2016, the consolidated entity had net assets of \$12,858,406 and cash and cash equivalents of \$35,924. The consolidated entity had incurred a loss for the period ended 31 December 2016 of \$360,957.

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

- ii) The consolidated entity had capitalised mining exploration and evaluation expenditure of \$13,690,527 as at 31 December 2016. The recoverability of the consolidated entity's carrying value of capitalised mining exploration and evaluation expenditure is dependent on the successful commercial exploitation of the assets and/or sale of the assets to generate sufficient funds to at least that of their carrying values. In the event that the consolidated entity is not successful in commercial exploitation and/or sale of the assets, the realisable value of the consolidated entity's assets may be significantly less than their current carrying values.

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



Samir Tirodkar
Director

West Perth, Western Australia
15 March 2017

15 March 2017

Board of Directors
Sihayo Gold Limited
c/- Mccullough Robertson
Level 11
66 Eagle Street
BRISBANE QLD 4000

Dear Sirs

RE: SIHAYO GOLD LIMITED

In accordance with section 307C of the *Corporations Act 2001*, I am pleased to provide the following declaration of independence to the directors of Sihayo Gold Limited.

As Audit Director for the review of the financial statements of Sihayo Gold Limited for the half year ended 31 December 2016, I declare that to the best of my knowledge and belief, there have been no contraventions of:

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

Yours faithfully

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



Samir Tirodkar
Director