2019 ANNUAL REPORT

SIHAYO GOLD LIMITED

ABN 77 009 241 374

"BUILDING A SUCCESSFUL INDONESIAN GOLD COMPANY"

CONTENTS

CORPORATE DIRECTORY

Directors	Misha A Collins *C.F.A* (Chairman)
	Gavin Caudle (Non Executive Director)
	Stuart Gula (Non Executive Director)
	Mark Hepburn (Appointed on 1 August 2018 and resigned on 26 November 2018) (Non Executive Director)
	Malcolm Paterson (Managing Director) (resigned on 31 August 2018)
	Daniel Nolan (Executive Director)
Chief Executive Officer	Malcolm Paterson (resigned on 31 August 2018) Timothy Adams (appointed on 1 September 2018 and resigned on 31 July 2019) George Lloyd (appointed on 1 August 2019)
Company 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 Australia 770 Canning Highway Applecross WA 6153
	Telephone: (08) 9315 2333 Facsimile: (08) 9315 2233
Home Exchange	Australian Securities Exchange Limited Level 40, Central Park 152-158 St George's Terrace Perth WA 6000
Auditors	Stantons International Audit and Consulting Pty Ltd Level 2, 1 Walker Avenue West Perth WA 6005
Solicitors	Steinepreis Paganin Level 2, The Read Buildings West Perth WA 6000
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 Shareholders,

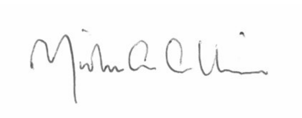
Around this time last year the Company presented its summary of the feasibility studies for the Sihayo project. This followed an intensive period of work that included contributions from many leading consultants. I alluded at the time that the Company believed further improvement may yet be possible. This remains the base case and our goal is to quantify this with various specific work programs now underway.

Our clear objective is unchanged - to put the Sihayo-Pungkut project into development over the next twelve months. Our efforts are greatly assisted by recent increases in the gold price, which have very favourable implications for potential project profitability, investment returns and the project's ability to support debt financing.

Shareholders may feel frustrated by a lack of recovery in the share price of Sihayo Gold on the Australian Stock Exchange despite the significant increases in the gold price. However, the net present value of the Sihayo-Pungkut project as defined by our feasibility study is sensitive to the gold price so the key asset of the company is much more attractive at current gold prices than those prevailing at this time last year. This bodes well for future shareholder returns.

I would like to welcome Mr George Lloyd to the company as CEO. I would also like to thank our employees, contractors and my fellow directors for their efforts over the past twelve months, as well as our shareholders for their ongoing support of the company.

Yours Sincerely,



Misha Anthony Collins

REVIEW OF OPERATIONS

Sihayo Gold Limited (the "Company") owns a 75% interest in PT Sorikmas Mining ("Sorikmas") which in turn holds the Sihayo-Pungkut 7th Generation Contract of Work ("CoW"). PT Aneka Tambang Tbk ("Antam") is the Company's joint venture partner in the CoW with a 25% interest. The Company 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 with Antam's share of loans to be repaid from 80% of its attributable share of available cash flow from production.

The Sihayo Gold Project ("Sihayo") is the most advanced project within the COW. The CoW is deemed to be highly prospective for mineralisation and a number of exploration targets have been identified. The Company has active work programs at Sihayo and in respect of regional exploration across the CoW.

The Company also hold non-operating and royalties interests in detailed below.

Sihayo Pungkut CoW

The CoW is located located in Mandailing Natal, North Sumatra, Indonesia. This coincides with the geologically prolific Trans Sumatra Fault Zone ("TSFZ") and the associated Neogene Magmatic Arc, which is the result of an oblique collision of two tectonic plates and associated subduction. The TSFZ hosts a number of significant gold projects including the Martabe project located approximately 50 kilometres northwest of the CoW.

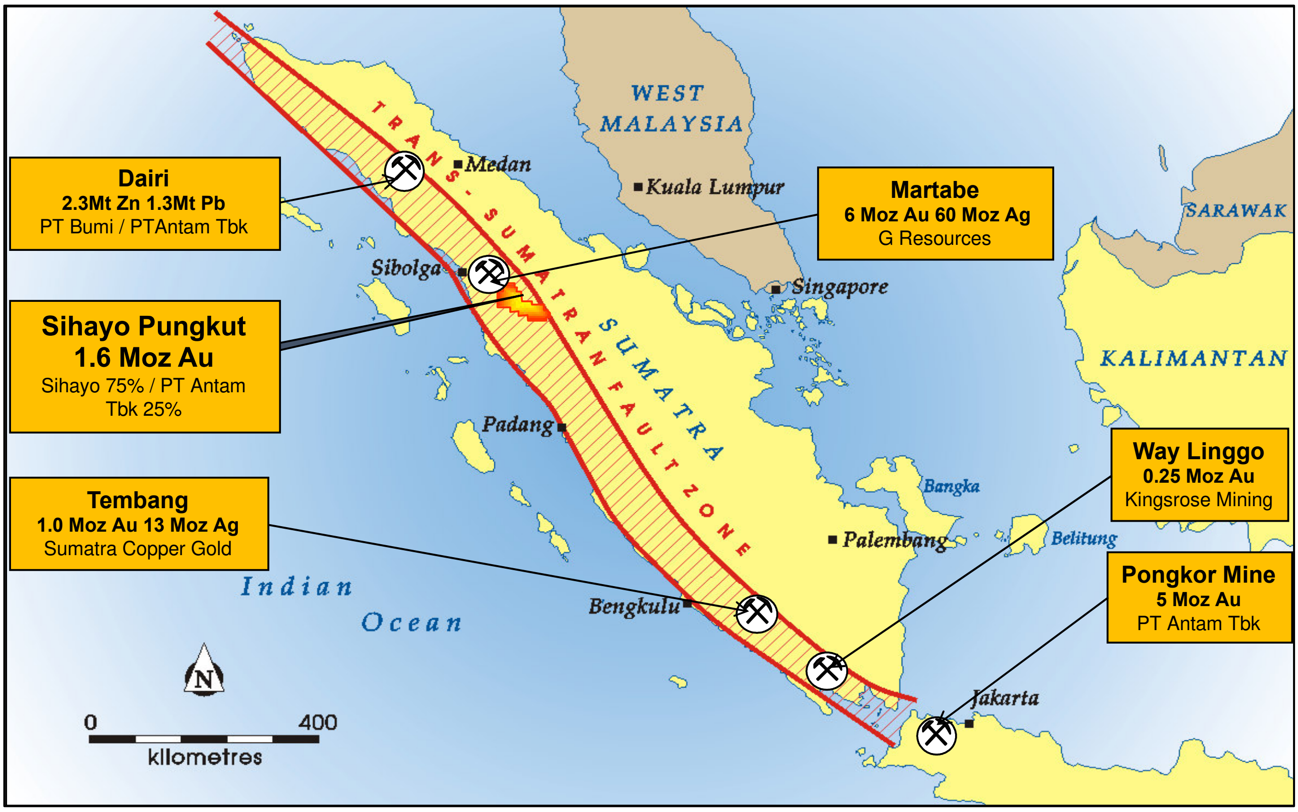


Figure 1: Significant mineral deposits along the Trans Sumatra Fault Zone

The CoW hosts 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. The Company's approach to unlocking the value within the broader CoW is discussed below in Regional Exploration.

REVIEW OF OPERATIONS

Sihayo Gold Project

The Company commenced a new diamond drilling program at Sihayo in July 2019. The program includes up to 7,000 meters of infill drilling to an average depth of around 100 meters. The objective of the program is to increase the confidence in Sihayo mineral resource to inform continuing mining studies.

The Sihayo deposit occurs at the top of a hill on the edge of a major dilational pull apart basin. The Sihayo deposit is situated within a sedimentary package consisting of Permian aged calcareous sediments and volcaniclastics, which are unconformably overlain by shallow basin origin Tertiary sandstones and siltstones. The Sihayo deposit gold mineralisation is categorised as Sedimentary Rock Hosted Disseminated Gold Deposit type. The Sihayo JORC Code (2012 Edition) Mineral Resource Estimate and JORC Code (2012 Edition) Ore Reserves[1], were last updated in July 2018 and stand at:

- 23.4 Mt at 2.11 g/t for 1.585 Moz. Inferred, Indicated and Measured Resources; and
- 11.39 Mt at 2.1 g/t for 761,000oz Ore Reserves based on the conversion of Indicated and Measured Resources.

The Mineral Resource Estimate and Ore Reserves are described in detail, including the presentation of the corresponding JORC Table 1, in the Company's ASX release of 22 August 2018 titled "SIHAYO GOLD PROJECT – Feasibility Study Completion Additional Information".

The Company first commenced studies to investigate the feasibility if the Sihayo project in late 2009. Over the intervening period a number of project iterations have been explored supported by technical studies covering mining, metallurgy, process design, tailings disposal, water and environment and infrastructure. Between the 2014 and 2018 studies regional grid power supply was extended to be accessible to the project resulting in a reduction in the cost of power required for operations.

The resulting 2018 feasibility studies[2] defined a project with the following characteristics:

- life of mine plan incorporated 13Mt of ore with an average gold grade of 1.63 g/t;
- an average production rate of 91,000 oz gold per annum based on a largely conventional processing;
- economic analysis at the time of the study used a gold price of US$1,300/Oz;
- pre-production funding of US$150.5 million including capital of US$118.3 million; and
- a Net Present Value of US$107 million and an 8% cost of capital and project payback period of 4 years.

Following an internal review, the Company has decided to undertaking the infill drilling and further studies to increase the certainty of a number of key assumptions underpinning the 2018 feasibility study and to investigate incremental improvements in the project design, including:

- the life of mine plan assumed the conversion of inferred resources to ore reserves during the life of the operation. The current infill drilling program is targeting these areas increase the confidence in Sihayo mineral resource;
- the current infill drilling program will enhance the understanding of geotechnical properties of the waste material and to optimise process metallurly within specific areas of the resource;

[1] Refer to the ASX release by the Company on 22 August 2018 titled "SIHAYO GOLD PROJECT – Feasibility Study Completion Additional Information" (http://www.sihayogold.com/upload/pages/news/asx-revised-dfs-ann-22-aug-2018.pdf?1569215617).

[2] Refer to the ASX release by the Company on 22 August 2018 titled "SIHAYO GOLD PROJECT – Feasibility Study Completion Additional Information" (http://www.sihayogold.com/upload/pages/news/asx-revised-dfs-ann-22-aug-2018.pdf?1569215617).

Sihayo Gold Project (continued)

- review the proposed tailings storage facility which made a material contribution to project capital and operating costs;
- review the sensitivity of the project to the gold price, including the recent increases in the gold price.

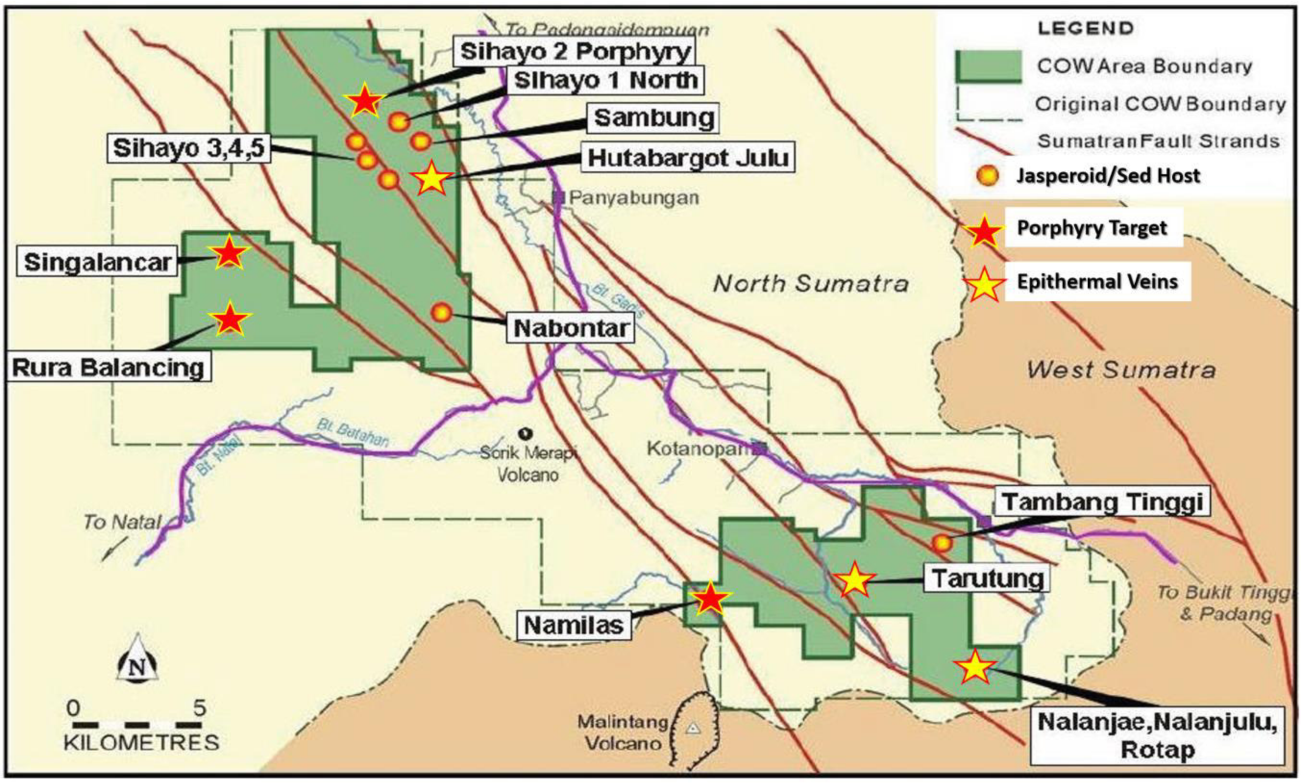
The results of the infill drilling program and related studies are expected to be available over the fourth quarter of calendar 2019. The Company has also started to rebuild its technical studies team with geotechnical, hydrological and metallurgical field work programs planned over the later part of 2019 for completion in early 2020. The results of this work will further inform the mining, tailings, process and environmental consultants that are in the process of being engaged at the time of writing.

The status of the COW is now in the third year of construction and the Company expects to commence construction within the permitted three year period, providing funding of the project is successful. The three key Indonesian Government approvals, Feasibility Study, AMDAL (Environmental) and Forestry are complete, however it is expected amendments to these will be reflecting changes resulting from the revised Feasibility Study.

Regional Exploration

The CoW area is deemed to be highly prospective for mineralisation. In addition to the Sihayo project, 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 across the CoW area.

Figure 2: **Sihayo Pungkut CoW key exploration prospects**



Regional Exploration (continued)

The Company is committed to advancing these regional prospects and has announced an exploration program incorporating 5,000 meters of diamond drilling to an average depth of around 250 meters to test the potential for disseminated gold mineralization at the Hutabargot exploration target. Hutabargot is an epithermal style prospect located within 10km of the Sihayo project. Other prospects will be explored as financial and other resources become available.

Corporate Social Responsibility (CSR)

The Company sustains a strong focus on proactive community relations in all aspects of its operations will be an integral part of any project development activities. The Company is committed to protecting the CoW area and regional environment and to operate in accordance with Indonesian safety, health and environmental standards and practices as a minimum standard. The current drilling program has provided an opportunity to re-engage with the local communities by providing short term employment opportunities. The increased activity is also providing opportunities to local businesses supplying food and other supplies.

Other Projects

India – Diamond Exploration (9-10%)
No progress was made during the year in resolving the legal status of the tenements.

Mount Keith Gold Project – Western Australia (2% net smelter royalty)
No mining was undertaken on the project during the year.

Mulgabbie Gold Project – Western Australia (2% net smelter royalty)
No mining was undertaken on the project during the year.

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 2019 ("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 - Chairman
Gavin Caudle - Non Executive Director
Stuart Leslie Gula - Non Executive Director
Mark Hepburn - Non Executive Director (resigned effective on 26 November 2018)
Daniel Nolan - Executive Director, Chief Financial Officer, Company Secretary
Malcolm Paterson - Managing Director& Chief Executive Officer (resigned effective on 31 August 2018)

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 5-8.

OPERATING RESULTS

During the financial year the consolidated entity incurred a consolidated operating loss after income tax of $1,940,143 (2018: $2,673,862).

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

There have been no significant changes in the state of affairs of the consolidated entity for the 2018 financial year.

EMPLOYEES

The consolidated entity employed 22 employees as at 30 June 2019 (2018: 22 employees).

CORPORATE STRUCTURE

The Company has 2,317,828,158 shares on issue as at the date of this report. Shareholder approval will be sought at an EGM on 14 October 2019 to buy back 220,058,128 shares issued in breach of ASX listing Rule 10.11. This will reduce the number of shares on issue to 2,097,770,030

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.

FINANCIAL POSITION

The net assets of the consolidated entity as at 30 June 2019 are $14,396,789 (2018: $12,287,475).

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
Chairman

Experience and expertise

Mr Collins has 20 years of experience in financial markets with particular emphasis on gold and mining business analysis and evaluation. Mr Collins 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. Mr Collins currently operates his own investment and technical consulting business and acts as Adviser to a Malaysian based Gold and Silver investment fund.

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

None

Former ASX Listed Companies Directorships in last 3 years

Ask Funding Limited

Special responsibilities

Audit Committee chairman

Interests in shares and options

6,823,547 ordinary shares in Sihayo Gold Limited

Information on Directors (continued)

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 & Acquisition 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 listed telecommunications infrastructure business), Merdeka Copper & Gold (an Indonesian listed mining Company and Provident Agro (a listed 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 10 years; and
- Expertise in dealing with forestry issues through the ownership of a substantial plantation business.
- Expertise in dealing with mining related issues through the ownership of substantial shareholdings in Sumatra Copper and Gold Limited, Finders Resources Limited and PT Merdeka Copper Gold Tbk.

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
29,779,704 ordinary shares (held directly). (23,165,720 shares subject to buy back as a result of a breach of listing rule 10.11. See ASX announcement 5 July 2019).
715,558,359 ordinary shares (held indirectly). (196,892,408 shares subject to buy back as a result of a breach of listing rule 10.11. See ASX announcement 5 July 2019).

Stuart Leslie Gula
(Non Executive Director)

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. Prior to joining Sihayo Gold, he 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 US$ 1 billion. Mr Gula holds a Bachelors degree in Engineering (mining major) and a Masters of Business Administration (Technology Management).

Information on Directors (continued)

Directorships of Other ASX Listed Companies
None

Former ASX Listed Companies Directorships in last 3 years
No former directorships

Interests in shares and options
1,291,587 ordinary shares (held indirectly)

Mark Hepburn (resigned on 26 November 2018)
(Non Executive Director)

Mr Hepburn is a Corporate and Financial Markets Executive with over 28 years experience in a range of management and board positions for Institutional Stockbroking and Derivatives Trading desks for major Financial Institutions.

His career has included roles in Sydney with Deutsche Bank and Macquarie Bank, managing global derivatives distribution sales teams.

Mr Hepburn has worked as an Executive Director of a leading Perth stockbroking firm during which time he was involved in numerous fund raising transactions for ASX listed industrial and resource companies.

Mr Hepburn was also Managing Director of his own Corporate Advisory firm which specialised in executing corporate and equity transactions for ASX listed small resources companies.

His experience also includes working as a corporate executive within mining companies and he has been a member of the Australian Institute of Company Directors since 2008.

Directorships of Other ASX Listed Companies
None

Former ASX Listed Companies Directorships in last 3 years
No former directorships

Interests in shares and options
None

Malcolm Paterson* BSc. (Hons) Eng. Met., F. Aus IMM *(resigned on 31 August 2018)
(Chief Executive Officer & Managing Director of Sihayo Gold Limited)

Malcolm has over forty-five years post graduate experience in the international minerals industry in project development, operations, engineering and company management.

Prior to joining Sihayo he was CEO of PT Kasongan Bumi Kencana (KBK), part of the Pelsart Group. This position involved rebuilding the company organisation structure and management systems to provide the in-house capability to develop and operate mining projects. The Mirah Gold/Silver Project was successfully commissioned in 2012 and further projects are in the development stage, including the remake of the Mt. Muro Project, presently being commissioned.

Information on Directors (continued)

Malcolm was also responsible for the establishment of Green Gold Technology, a company specialising in Resin technology for the recycling of cyanide and detoxification of gold plant tailings.

Directorships of Other ASX Listed Companies
None

Former ASX Listed Companies Directorships in last 3 years
No former directorships

Interests in shares and options
None

Daniel Nolan
(Executive Director, Chief Financial Officer, Company Secretary)

The company secretary is Mr Daniel 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 The Governance Institute of Australia

Directorships of Other ASX Listed Companies
None

Former ASX Listed Companies Directorships in last 3 years
No former directorships

Interests in shares and options
5,363,649 ordinary shares (held indirectly)

DIRECTORS' REPORT

MEETINGS OF DIRECTORS

The following tables set out the number of meetings of the Company's directors held during the year ended 30 June 2019, and the number of meetings attended by each director. (Note that meeting attendance may have been completed via telephone conferencing).

Directors' meeting:

	Number eligible to attend	**Number Attended**
M Collins	4	4
Gavin Caudle	4	4
S Gula	4	4
D Nolan	4	4
Mark Hepburn	2	2
M Paterson	1	1

Audit committee meeting:

	Number eligible to attend	**Number Attended**
M Collins	2	2
Gavin Caudle	2	2
D Nolan	2	2

DIRECTORS' REPORT

REMUNERATION REPORT (AUDITED)

The full board of Sihayo Gold act as as the Remuneration Committee 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 developemnt 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 making and management.
- The remuneration of the directors is not linked directly to the performance of the Company.

Engagement of remuneration consultants

During the financial year, the Company did not engage any remuneration consultants.

REMUNERATION REPORT (AUDITED) (continued)

Details of remuneration

Details of the remuneration of key management personnel of Sihayo Gold Limited, including their personally related entities are set out below for the year ended 30 June 2019. There have been no changes to the below named key management personnel since the end of the reporting period unless noted:

2019	Short-term		Post Employment		Long Term		Equity		
Name	Cash Salary & Fees	Non Monetary Benefits	Super-annuation	Retirement Benefits	Incentive Plans	LSL	Share based payment	Total $	Total Remuneration represented by options
M Collins	65,000	2,384	-	-	-	-	-	67,384	-
G Caudle	45,000	1,651	-	-	-	-	-	46,651	-
D Nolan	59,153	2,170	25,000	-	-	-	-	86,323	-
S Gula	45,000	1,651	-	-	-	-	-	46,651	-
T Adams	166,667	6,113	-	-	-	-	-	172,780	-
M Paterson	70,000	-	-	-	-	-	-	70,000	-
M Hepburn	18,750	-	-	-	-	-	-	18,750	-
	469,570	**13,969**	**25,000**	**-**	**-**	**-**	**-**	**508,539**	**-**

(a) $65,000 in directors fees was paid to M Collins as at 30 June 2019.
(b) $416,250 in directors fees was payable as at 30 June 2019 to G Caudle for fees for the year ended 30 June 2019 and in lieu of previous years directors fees. For the year ended 30 June 2019, his director fees were $45,000.
(c) $84,153 salary was paid to D Nolan for the year ended 30 June 2019.
(d) $45,000 salary was paid to Stuart Gula for the year ended 30 June 2019.
(e) $166,667 in directors fees was payable as at 30 June 2019 to Tim Adams for fees for the year ended 30 June 2019.
(f) $70,000 salary was paid to Malcolm Paterson for the year ended 30 June 2019. He resigned on 31 August 2018.
(g) $18,750 salary was paid to Mark Hepburn for the year ended 30 June 2019. He resigned on 26 November 2018.
(h) $13,969 non monetary benefit is related to Director and Officers Liability Insurance.
(i) George Llyod will appointed as Chief Executive Officer on 1 August 2019. His salary will be $275,000 per annum including superannuation if applicable.

REMUNERATION REPORT (AUDITED) (continued)

Details of remuneration (continued)

2018	Short-term		Post Employment		Long Term		Equity		Total
Name	Cash Salary & Fees	Non Monetary Benefits	Super-annuation	Retirement Benefits	Incentive Plans	LSL	Share based payment	Total $	Total Remuneration represented by options
M Collins	65,000	1,461	-	-	-	-	-	66,461	-
G Caudle	45,000	1,011	-	-	-	-	-	46,011	-
D Nolan	62,864	963	-	-	-	-	-	63,827	-
S Gula	48,750	1,096	-	-	-	-	-	49,846	-
M Paterson	420,000	9,438	-	-	-	-	-	429,438	-
	641,614	**13,969**	-	**-**	**-**	**-**	**-**	**655,583**	**-**

(a) $65,000 in directors fees was paid to M Collins as at 30 June 2018.
(b) $371,250 in directors fees was payable as at 30 June 2018 to G Caudle for fees for the year ended 30 June 2018 and in lieu of previous years directors fees. For the year ended 30 June 2018, his director fees were $45,000.
(c) $62,864 salary was paid to D Nolan for the year ended 30 June 2018.
(d) $48,750 salary was paid to Stuart Gula for the year ended 30 June 2018.
(e) $420,000 salary was paid to Malcolm Paterson for the year ended 30 June 2018. He resigned on 31 August 2018.
(f) $13,969 non monetary benefit is related to Director and Officers Liability Insurance.

No options granted as part of remuneration during the years ended 30 June 2019 and 30 June 2018.

There were no shares issued on exercise of compensation options (Consolidated) for the years ended 30 June 2019 or 30 June 2018.

REMUNERATION REPORT (AUDITED) (continued)

Option holdings of key management personnel

Nil

Shareholdings of Key Management Personnel

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

	Balance 1 July 2018		Granted as remuneration		On exercise of options		Net change other	Balances as at date of resignation/ termination		Balance 30 June 2019	
30 June 2019	**Ord**	**Pref**	**Ord**	**Pref**	**Ord**	**Pref**	**Ord**	**Pref**	**Ord**	**Pref**	**Ord**
M Collins	6,823,547	-	-	-	-	-	-	-	-	-	6,823,547
G Caudle	525,279,935	-	-	-	-	-	220,058,128*	-	-	-	745,338,063
S Gula	1,033,269	-	-	-	-	-	258,318	-	-	-	1,291,587
D Nolan	4,350,919	-	-	-	-	-	1,012,730	-	-	-	5,363,649
T Adams	-	-	-	-	-	-	-	-	-	-	-
M Paterson	-	-	-	-	-	-	-	-	-	-	-
M Hepburn	-	-	-	-	-	-	-	-	-	-	-

* 220,058,128 as per ASX Announcement dated 5 July 2019 are part of the proposed buy back shares due to the breach of ASX listing rules 10.11.

	Balance 1 July 2017		Granted as remuneration		On exercise of options		Net change other	Balances as at date of resignation/ termination		Balance 30 June 2018	
30 June 2018	**Ord**	**Pref**	**Ord**	**Pref**	**Ord**	**Pref**	**Ord**	**Pref**	**Ord**	**Pref**	**Ord**
M Collins	34,691,404	-	-	-	-	-	(27,867,857)	-	-	-	6,823,547
G Caudle	487,972,464	-	-	-	-	-	37,307,471	-	-	-	525,279,935
S Gula	1,033,269	-	-	-	-	-	-	-	-	-	1,033,269
D Nolan	4,350,919	-	-	-	-	-	-	-	-	-	4,350,919
M Paterson	-	-	-	-	-	-	-	-	-	-	-

DIRECTORS AGREEMENTS

Whilst no formal agreements have been entered into between the Company or previous agreements have expired and each of its Directors, annual Director remuneration, as disclosed below, has been Board approved.

Name	Remuneration Per Annum ($) plus Allowance
Misha Collins	65,000
Stuart Leslie Gula	45,000
Daniel Nolan	80,000
Gavin Caudle	45,000
Malcolm Paterson (Resigned on 31 August 2018)	70,000
Mark Hepburn (Resigned on 26 November 2018)	18,750

END OF REMUNERATION REPORT

Directors and Officers Insurance

During the year $13,969 was paid 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

There were no options outstanding as at 30 June 2019.

WORKING CAPITAL LOAN

Total working capital loan from Provident Minerals Ltd was $3,076,183 with 10% interest per annum accrued daily but not compounded monthly.

Total working capital loan from Asian Metal Mining was $855,539 with 10% interest per annum accrued daily but not compounded monthly.

Total working capital loan from PT Saratoga Investama Sedaya Tbk. was $798,115 with 10% interest per annum accrued daily but not compounded monthly.

Total working capital loan from Goldstar Mining Asia Resources (L) Berhad was $513,992 with 10% interest per annum accrued daily but not compounded monthly.

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

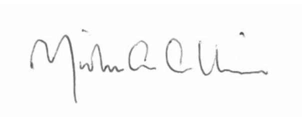
The Company's Corporate Governance Statement is located at the Company's Website:
http://www.sihayogold.com/view/about-us/corporate-governance

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 21.

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



Misha Anthony Collins
Chairman

30 September 2019

Stantons International Audit and Consulting Pty Ltd
trading as
Stantons International
Chartered Accountants and Consultants

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Australia

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30 September 2019

The Directors
Sihayo Gold Limited
c/- Mccullough Robertson
Level 11
66 Eagles 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 audit of the financial statements of Sihayo Gold Limited for the year ended 30 June 2019, 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)

Samir Tirodkar
Director

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2019

	Notes	Consolidated 2019 $	2018 $
Other revenue	3	569	492
Total revenue		**569**	**492**
Employee benefits expense		(873,356)	(1,915,020)
External consultancy expenses		(214,364)	(589,445)
Rates and taxes		(14,114)	(250,491)
Rental expense	3(a)(i)	(5,344)	(103,467)
Travel and entertainment expenses		(47,398)	(62,136)
Permit and licenses		(418,065)	(55,722)
Corporate secretarial expenses		(50,915)	(52,567)
Finance costs	3(a)(ii)	(397,017)	(38,284)
Depreciation and amortisation	5, 3(a)(i)	(11,415)	(15,480)
Insurance expense		(20,435)	(10,123)
Provision for impairment of capitalised exploration and evaluation costs	6(a)(ii)	17,235	(1,865,095)
Foreign exchange gain		203,929	121,596
Write back of provision for impairment VAT receivable		-	2,187,030
Other expenses		(109,453)	(25,150)
Loss before income tax	3(a)	**(1,940,143)**	**(2,673,862)**
Income tax expense	3(b)	-	-
Net loss		**(1,940,143)**	**(2,673,862)**
Other comprehensive income			
Items that may be classified to profit or loss:			
Movement in foreign currency translation reserve		470,843	599,427
Other comprehensive loss for the year, net of tax		**470,843**	**599,427**
Total comprehensive loss for the year		**(1,469,300)**	**(2,074,435)**
Loss after income tax attributable to:			
Members of Sihayo Gold Limited		(1,716,554)	(2,091,472)
Non controlling interest		(223,589)	(582,390)
		(1,940,143)	**(2,673,862)**
Comprehensive loss after income tax attributable to:			
Members of Sihayo Gold Limited		(224,242)	(285,471)
Non controlling interest		(1,245,058)	(1,788,964)
		(1,469,300)	**(2,074,435)**
Basic/diluted loss per share in cents	21	(0.09)	(0.12)

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2019

		Consolidated	
	Notes	**2019 $**	**2018 $**
CURRENT ASSETS			
Cash and cash equivalents	20	6,256,548	116,210
Trade and other receivables	4	361,314	257,696
TOTAL CURRENT ASSETS		**6,617,862**	**373,906**
NON-CURRENT ASSETS			
Trade and other receivables	4	2,653,626	2,382,136
Other assets	6	15,828,602	13,609,718
Claim for tax refund	15	554,523	-
Property, plant and equipment	5	95,759	102,428
TOTAL NON-CURRENT ASSETS		**19,132,510**	**16,094,282**
TOTAL ASSETS		**25,750,372**	**16,468,188**
CURRENT LIABILITIES			
Trade and other payables	7	5,437,180	2,106,603
Borrowings	9	5,243,829	1,500,000
Other liabilities		57,249	57,271
TOTAL CURRENT LIABILITIES		**10,738,258**	**3,663,874**
NON-CURRENT LIABILITIES			
Provisions	8	615,325	516,839
TOTAL NON-CURRENT LIABILITIES		**615,325**	**516,839**
TOTAL LIABILITIES		**11,353,583**	**4,180,713**
NET ASSETS		**14,396,789**	**12,287,475**
SHAREHOLDERS' EQUITY			
Parent entity interest:			
Contributed equity	10	112,847,825	109,269,211
Reserves	11(a)	16,675,416	15,183,104
Accumulated losses	11(b)	(93,085,923)	(91,369,369)
Total parent entity interest		36,437,318	33,082,946
Non-controlling interest in controlled entities	19(b)	(22,040,529)	(20,795,471)
TOTAL SHAREHOLDERS' EQUITY		**14,396,789**	**12,287,475**

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 2019

	Notes	Consolidated 2018 $	2017 $
CASH FLOWS FROM OPERATING ACTIVITIES			
Payments to creditors and suppliers & employees		(2,646,307)	(2,111,479)
Interest received	20(a)	501	492
NET CASH FLOWS (USED) IN OPERATING ACTIVITIES	20(b)	**(2,645,806)**	**(2,110,987)**
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for addition of mineral exploration and evaluation expenditure		(1,887,296)	(1,865,095)
Payments for addition of property, plant & equipment		-	(29,294)
NET CASH FLOWS (USED) IN INVESTING ACTIVITIES		**(1,887,296)**	**(1,894,389)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issuance of shares		6,953,485	2,163,307
Repayment of borrowings		-	(261,510)
Proceeds from borrowings		3,743,829	1,500,000
Payment of unmarketable securities		(22)	(244)
Shares issuance cost		(23,852)	(114,724)
NET CASH FLOWS RECEIVED FROM FINANCING ACTIVITIES		**10,673,440**	**3,286,829**
Net increase/(decrease) in cash and cash equivalents held		6,140,338	(718,547)
Cash and cash equivalents at the beginning of the financial year		116,210	834,757
Cash and cash equivalents at the end of the financial year	20	**6,256,548**	**116,210**

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 2019

	$ Share capital	$ Options & equity reserve	$ Foreign currency translation reserve	$ Accumulated losses	$ Non-controlling interest	$ Total
Balance at 1.07.17	107,220,628	2,380,395	10,996,708	(99,144,809)	(9,139,595)	12,313,327
Transfer of losses from the Group to NCI as a result of write off of exploration and evaluation expenditure and VAT at subsidiary company level	-	-	-	9,866,912	(9,866,912)	-
Loss for the year	-	-	-	(2,091,472)	(582,390)	(2,673,862)
Other comprehensive loss:						
Movement in foreign currency translation reserve	-	-	1,806,001	-	(1,206,574)	599,427
Total comprehensive loss for the year	-	-	1,806,001	(2,091,472)	(1,788,964)	(2,074,435)
Issue of shares (net of transaction costs)	2,048,583	-	-	-	-	2,048,583
Balance at 30.06.18	**109,269,211**	**2,380,395**	**12,802,709**	**(91,369,369)**	**(20,795,471)**	**12,287,475**
Balance at 1.07.18	109,269,211	2,380,395	12,802,709	(91,369,369)	(20,795,471)	12,287,475
Transfer of losses from the Group to NCI as a result of write off of exploration and evaluation expenditure and VAT at subsidiary company level	-	-	-	-	-	-
Loss for the year	-	-	-	(1,716,554)	(223,589)	(1,940,143)
Other comprehensive loss:						
Movement in foreign currency translation reserve	-	-	1,492,312	-	(1,021,469)	470,843
Total comprehensive loss for the year	-	-	1,492,312	(1,716,554)	(1,245,058)	(1,469,300)
Issue of shares (net of transaction costs)	3,578,614	-	-	-	-	3,578,614
Balance at 30.06.19	**112,847,825**	**2,380,395**	**14,295,021**	**(93,085,923)**	**(22,040,529)**	**14,396,789**

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

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 Sihayo Gold Limited and its controlled entities, and has authorised for issue in accordance with a resolution of the Directors on 30 September 2019. 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 group 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 Group also complies with International Financial Reporting Standards and interpretations adopted by the International Accounting Standards Board.

New standards and interpretations not yet adopted

A number of new standards, amendments to standards and interpretations issued by the AASB which are not yet mandatorily applicable to Sihayo Group have not been applied in preparing these consolidated financial statements. Those which may be relevant to the Group are set out below. Sihayo Group does not plan to adopt these standards early.

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2019 reporting year. The group's assessment of the impact of these new standards and interpretations is set out below:

- *AASB 16: Leases applies to annual reporting periods beginning on or after 1 January 2019.*

  This Standard supersedes AASB 117 Leases, Interpretation 4 Determining whether an Arrangement contains a Lease, AASB intrpretation 115 Operating Leases-Incentives and AASB intrpretation 127 Evaluating the Substance of Transactions Involving the Legal Form of lease. AASB 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under AASB 117.

  The key features of AASB 16 are as follows:

  - Lessees are required to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value.
  - A lessee measures right-of-use assets similarly to other non-financial assets and lease liabilities similarly to other financial liabilities.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

- *AASB 16: Leases applies to annual reporting periods beginning on or after 1 January 2019. (continued)*

  The key features of AASB 16 are as follows: (continued)

  - Assets and Liabilities arising from the lease are initially measured on a present value basis. The measurement includes non-cancellable lease payments (including inflation-linked payments), and also includes payments to be mad in optional periods if the lessee is reasonably certain to exercise an option to extend to lease, or not to exercise an option to terminate the lease.
  - AASB 16 contains disclosure requirements for leases.

  Lessor accounting

  - AASB 16 substantially carries forward the lessor accounting requirements in AASB 117. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently.
  - AASB 16 also requires enhanced disclosures to be provided by lessors that will improve information disclosed about a lessor's risk exposure, particularly to residual value risk.

  Estimated impact of AASB 16 on the Group when the standard is applied

  Due to the adoption of AASB 16, the Group's (or Company's) operating profit will not have significant impact. This is due to Group didn't have significant expenses of leases that were classified as operating leases under AASB 117.

Other standards not yet applicable

At the date of authorisation of the financial statements, the Standards and Interpretations that were issued but not effective are listed below:

Standard/amendment	Effective for annual reporting periods beginning on or after
AASB 16 *Leases*	1 January 2019
AASB 17 *Insurance Contracts*	1 January 2021
AASB 2018-7 *Amendments to Australian Accounting Standards – Definition of Material*	1 January 2020
AASB 2019-1 *Amendments to Australian Accounting Standards – References to the Conceptual Framework*	1 January 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

New and amended standards adopted by the Group

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 their operations and effective for the current reporting period.

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

- AASB 9 Financial Instruments and related amending Standards.
- AASB 15 Revenue from Contracts with Customers and relating amending Standards.
- AASB 2016-5 Amendments to Australian Accounting Standards – Classification and Measurements of Share-based Payment Transactions.
- Interpretation 22 Foreign Currency Transactions and Advance Consideration.

AASB 9 Financial Instruments and related amending Standards
The Standard replaces AASB 139 Financial Instruments: Recognition and Measurement for annual periods beginning on or after 1 January 2018, bringing together all three aspects of the accounting for financial instruments: classification and measurement, impairment, and hedge accounting.

AASB 15 Revenue from Contracts with Customers and relating amending Standards
The Standard replaces the current accounting requirements applicable to revenue with a single, principles-based model. Apart from a limited number of exceptions, including leases, the new revenue model in AASB 15 applies to all contracts with customers as well as non-monetary exchanges for goods and services. AASB 15 provides the following five-step process:

- identify the contract(s) with the customer;
- identify the performance obligations in the contract(s);
- determine the transaction price;
- allocate the transaction price to the performance obligations in the contract(s); and
- recognise the revenue when (or as) the performance obligations are satisfied.

AASB 2016-5 Amendments to Australian Accounting Standards – Classification and Measurements of Share-based Payment Transactions
The amendments to AASB 2 Share-based Payment addresses three main areas:

- the effect of vesting conditions on the measurement of a cash-settled share-based payment transaction;
- the classification of a share-based payment transaction with net settlement features for withholding tax obligations; and
- accounting where a modification to the terms and conditions of a share-based payment transaction changes its classification from cash settled to equity settled.

Interpretation 22 Foreign Currency Transactions and Advance Consideration
This interpretation addresses how to determine the ‘date of transaction’ for the purpose of determining the exchange rate to use on initial recognition of an asset, expense or income, when consideration for that item has been paid or received in advance in a foreign currency which resulted in the recognition of a non-monetary asset or non-monetary liability.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The adoption of these Amendments/Interpretation has had no significant impact on the disclosures or the amounts recognised in the Group's consolidated financial statements.

a) Going concern

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

For the year ended 30 June 2019, the Group incurred a loss before tax of $1,940,143 (2018: loss of $2,673,862) and has a working capital deficit of $4,120,396 (2018: $3,289,968). The Group has cash and cash equivalents of $6,256,548 (2018: $116,210), out of which the proposed buy back payout is $3,300,872 which is included in current liabilities of $10,738,258 (2018: $3,663,874) and also includes borrowings of $5,243,829 (2018: $1,500,000).

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

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

a) Going concern (continued)

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

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

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

b) Principles of consolidation

The consolidated financial statements incorporate the assets, liabilities and results of entities controlled by Sihayo Gold Limited and all of the subsidiaries. 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. A list of the subsidiaries is provided in Note 19.

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 comprehensive income.

c) 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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

c) Business combinations (continued)

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.

d) 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 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.

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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

e) 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.
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.

f) Acquistion 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.

g) 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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

g) Exploration and evaluation expenditure (continued)

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.

h) Financial instruments

AASB 9 Financial Instruments replaces AASB 139 Financial Instruments: Recognition and Measurement for annual periods beginning on or after 1 July 2018, bringing together all three aspects of the accounting for financial instruments: classification and measurement, impairment, and hedge accounting.

As a result of adopting AASB 9 Financial Instruments, the Group has amended its financial instruments accounting policies to align with AASB 9. AASB 9 makes major changes to the previous guidance on the classification and measurement of financial assets and introduces an 'expected credit loss' model for impairment of financial assets.

There were no financial instruments which the Group designated at fair value through profit or loss under AASB 139 that were subject to reclassification. The Board assessed the Group's financial assets and determined the application of AASB 9 does not result in a change in the classification of the Group's financial instruments.

The adoption of AASB 9 does not have a significant impact on the financial report.

Recognition, initial measurement and derecognition
Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the financial instrument. Financial instruments (except for trade receivables) are measured initially at fair value adjusted by transactions costs, except for those carried "at fair value through profit or loss", in which case transaction costs are expensed to profit or loss. Where available, quoted prices in an active market are used to determine the fair value. In other circumstances, valuation techniques are adopted. Subsequent measurement of financial assets and financial liabilities are described below.

Trade receivables are initially measured at the transaction price if the receivables do not contain a significant financing component in accordance with AASB 15.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantial risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

h) Financial instruments (continued)

Classification and subsequent measurement

Financial assets

Except for those trade receivables that do not contain a significant financing component and are measured at the transaction price in accordance with AASB 15, all financial assets are initially measured at fair value adjusted for transaction costs (where applicable).

For the purpose of subsequent measurement, financial assets other than those designated and effective as hedging instruments, are classified into the following categories upon initial recognition:

- Amortised cost;
- Fair value through other comprehensive income (FVOCI); and
- Fair value through profit or loss (FVPL).

Classifications are determined by both:

- The contractual cash flow characteristics of the financial assets; and
- The entities business model for managing the financial asset.

Financial assets at amortised cost

Financial assets are measured at amortised cost if the assets meet the following conditions (and are not designated as FVPL):

- They are held within a business model whose objective is to hold the financial assets and collect its contractual cash flows; and
- The contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

After initial recognition, these are measured at amortised cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial. The Group's cash and cash equivalents, trade and most other receivables fall into this category of financial instruments.

Financial assets at fair value through other comprehensive income (Equity instruments)

The Group measures debt instruments at fair value through OCI if both of the following conditions are met:

- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding; and
- The financial asset is held within a business model with the objective of both holding to collect contractual cash flows and selling the financial asset.

For debt instruments at fair value through OCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognised in the statement of profit or loss and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in OCI.

Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under AASB 132 Financial Instruments: Presentation and are not held for trading.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

h) Financial instruments (continued)

Classification and subsequent measurement (continued)

Financial assets (continued)

Financial assets at fair value through profit or loss (FVPL)
Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term.

Financial liabilities

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

Financial liabilities are initially measured at fair value, and, where applicable, adjusted for transaction costs unless the Group designated a financial liability at fair value through profit or loss.

Subsequently, financial liabilities are measured at amortised cost using the effective interest method except for derivatives and financial liabilities designated at FVPL, which are carried subsequently at fair value with gains or losses recognised in profit or loss.

All interest-related charges and, if applicable, gains and losses arising on changes in fair value are recognised in profit or loss.

Impairment

From 1 July 2018, the Group assesses on a forward looking basis the expected credit losses associated with its debt instruments carried at amortised cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk. For trade receivables, the Group (or Company) applies the simplified approach permitted by AASB, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

Comparative information

The Group has applied AASB 9 Financial Instruments retrospectively, but has elected not to restate comparative information. As a result, the comparative information provided continues to be accounted for in accordance with the Group’s previous accounting policy.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

h) Financial instruments (continued)

Classification and subsequent measurement (continued)

Comparative information (continued)

Classification

Until 30 June 2019, the group classified its financial assets in the following categories:

- Financial assets at fair value through profit or loss;
- Loans and receivables;
- Held-to-maturity investments; and
- Available-for-sale financial assets.

The classification depended on the purpose for which the investments were acquired. Management determined the classification of its investments at initial recognition and, in the case of assets classified as held-to-maturity, re-evaluated this designation at the end of each reporting period.

i) 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.

j) Interests in joint arrangements

Joint arrangements represent the contractual sharing of control between parties in a business venture where unanimous decisions about relevant activities are required.

Separate joint venture entities providing joint venturers with an interest to net assets are classified as a "joint venture" and accounted for using the equity method.

Joint venture operations represent arrangements whereby joint operators maintain direct interests in each asset and exposure to each liability of the arrangement. The Group's interests in the assets, liabilities, revenue and expenses of joint operations are included in the respective line items of the consolidated financial statements.

Gains and losses resulting from sales to a joint operation are recognised to the extent of the other parties' interests. When the Group makes purchases from a joint operation, it does not recognise its share of the gains and losses from the joint arrangement until it resells those goods/assets to a third party.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

k) 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.

l) 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.

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.

m) 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.

n) Revenue

AASB 15 replaces AASB 118 Revenue, AASB 111 Construction Contracts and several revenue-related Interpretations. AASB 15 establishes a five-step model to account for revenue arising from contracts with customers and requires that revenue to be recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

The Company has applied AASB 15 "Revenue with Customers" from 1 July 2018 which resulted in changes in accounting policy. The changes in policy is relatively consistent with previous policy and has therefore policy not had a material impact. The Company has applied the modified retrospective application approach in which only the initial period of application applies AASB 15. No adjustment were made as a result of adopting AASB 15.

The adoption of AASB 15 does not have a significant impact on the Group as the Group does not currently have any revenue from customers.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

o) 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.

p) 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.

q) 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.

r) 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 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.

s) 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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

s) Share based payment transactions (continued)

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.

t) 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.

u) Trade and other receivables

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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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:

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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

y) Segment reporting (continued)

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.

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.

Consolidated Entity
2019

		Fixed interest rate maturing in					
	Floating Interest Rate	**1 year or less**	**1 to 5 years**	**More than 5 years**	**Non - interest bearing**	**Total carrying amount at balance sheet**	**Applicable interest rate on 30 June 2019**
	$	**$**	**$**	**$**	**$**	**$**	**%**
Financial assets							
Cash and cash equivalents	6,256,548	-	-	-	-	6,256,548	-
Trade and other receivables	-	-	-	-	2,815,343	2,815,343	-
Deposits	-	-	171	-	-	171	-
Total financial assets	**6,256,548**	**-**	**171**	**-**	**2,815,343**	**9,072,062**	**-**
Financial liabilities							
Trade and other payables	-	-	-	-	5,437,180	5,437,180	-
Borrowings	-	5,243,829	-	-	-	5,243,829	10%
Other liabilities	-	-	-	-	57,249	57,249	-
Total financial liabilities	**-**	**5,243,829**	**-**	**-**	**5,494,429**	**10,738,258**	**-**

2. RISK MANAGEMENT (continued)

Consolidated Entity
2018

	Floating Interest Rate	Fixed interest rate maturing in: 1 year or less	1 to 5 years	More than 5 years	Non-interest bearing	Total carrying amount at balance sheet	Applicable interest rate on 30 June
	$	$	$	$	$	$	%
Financial assets							
Cash and cash equivalents	116,210	-	-	-	-	116,210	-
Trade and other receivables	-	-	-	-	2,416,940	2,416,940	-
Deposits	-	-	163	-	-	163	-
Total financial assets	**116,210**	**-**	**163**	**-**	**2,416,940**	**2,533,313**	
Financial liabilities							
Trade and other payables	-	-	-	-	2,106,603	2,106,603	-
Borrowings	-	1,500,000	-	-	-	1,500,000	10%
Other liabilities	-	-	-	-	57,271	57,271	-
Total financial liabilities	**-**	**1,500,000**	**-**	**-**	**2,163,874**	**3,663,874**	

(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 consolidated statement of financial position and Note 22.

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.

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, other payables and borrowings.

The table below summarises the impact of a 1 percent weakening/strengthening of market interest rates and the effective weighted average interest rate at financial liabilities of borrowing:

		Consolidated	
		2019	**2018**
		$	**$**
Borrowing	+ 1%	52,438	15,000
Borrowing	- 1%	(52,438)	(15,000)

3. REVENUE

	Consolidated	
	2019	**2018**
	$	**$**
Revenue from the operating activities:		
Interest	569	492
	569	**492**

3(a) LOSS BEFORE INCOME TAX

Net expenses
The loss before income tax includes the following expenses:

	Consolidated	
	2019	**2018**
(i) Expenses:	**$**	**$**
Depreciation	11,415	15,480
Rental expenses	5,344	103,467
	16,759	**118,947**
(ii) Finance costs and movements in derivative liability:		
Finance costs	397,017	38,284
	397,017	**38,284**

3(b) INCOME TAX EXPENSE

	Consolidated 2019 $	Consolidated 2018 $
Loss from ordinary activities before income tax expense	(1,940,143)	(2,673,862)
(i) Prima facie tax benefit on loss from ordinary activities @27.5%	(533,539)	(735,313)
Tax effects of amounts which are not deductible/(taxable) in calculating taxable income:		
Accruals	7,260	6,875
Provision for impairment of mining exploration and evaluation expenditure	(4,740)	512,901
Provision for impairment of VAT receivable	-	(601,433)
	(531,019)	(816,970)
Movement in unrecognised temporary difference	(49,331)	(64,223)
Tax effect of current year tax losses for which no deferred tax asset has been recognised	580,350	881,193
Income tax expense	-	-
(ii) Unrecognised temporary differences		
Deferred tax assets at 27.5%:		
Carried forward revenue tax losses	8,627,871	8,774,025
Carried forward capital tax losses	958,469	958,469
Black hole expenditure	78,321	100,428
	9,664,661	**9,832,922**

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.

(v) the movement in unrecognised DTA on tax losses does not agree to Note 3(b)(i) due to foreign exchange differences.

4. TRADE AND OTHER RECEIVABLES

	Consolidated 2019 $	2018 $
CURRENT		
Prepayments	199,597	222,892
Other debtors	161,717	34,804
	361,314	**257,696**
NON CURRENT		
VAT receivable	2,653,626	2,382,136
	2,653,626	**2,382,136**

VAT receivables will be recoverable from the Indonesian Goverment once production commences.

As the reporting date, none of the other debtors were past due or impaired.

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.

5. PROPERTY, PLANT AND EQUIPMENT

	Consolidated 2019 $	2018 $
NON CURRENT		
Land at Cost	75,143	71,639
Plant and equipment, at cost	352,531	352,531
Less: accumulated depreciation	(351,957)	(351,801)
	574	730
Motor vehicles, at cost	117,555	117,555
Less: accumulated depreciation	(117,555)	(117,555)
	-	-
Office equipment, at cost	748,817	747,575
Less: accumulated depreciation	(728,775)	(717,516)
	20,042	30,059
Total property, plant and equipment	**95,759**	**102,428**

5. 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:

2019

Consolidated	Land at cost $	Plant & equipment $	Motor vehicles $	Office equipment $	Total $
Carrying amount at 1 July 2018	71,639	730	-	30,059	102,428
Effect of foreign currency translation	3,504	-	-	1,242	4,746
Additions	-	-	-	-	-
Disposal	-	-	-	-	-
Depreciation expense	-	(156)	-	(11,259)	(11,415)
Carrying amount at 30 June 2019	**75,143**	**574**	**-**	**20,042**	**95,759**

2018

Consolidated	Land at cost $	Plant & equipment $	Motor vehicles $	Office equipment $	Total $
Carrying amount at 1 July 2017	69,186	674	5,586	8,518	83,964
Effect of foreign currency translation	2,453	873	(108)	1,432	4,650
Additions	-	-	-	29,294	29,294
Disposal	-	-	-	-	-
Depreciation expense	-	(817)	(5,478)	(9,185)	(15,480)
Carrying amount at 30 June 2018	**71,639**	**730**	**-**	**30,059**	**102,428**

6. OTHER ASSETS

	Consolidated 2019 $	Consolidated 2018 $
NON CURRENT		
Deposits	171	163
Capitalised mineral exploration and evaluation expenditure	15,828,431	13,609,555
	15,828,602	**13,609,718**

6.a.(i) Deposits

Deposits of $171 represent security deposit for office administration (2018: $163).

6. OTHER ASSETS (continued)

6.a.(ii) Mineral exploration and evaluation expenditure

	Consolidated	
	2019	2018
	$	$
Opening balance	13,609,555	12,872,178
Additions during the year	1,542,781	1,865,095
Change arising from foreign currency movement	658,860	737,377
Provision for impairment	17,235	(1,865,095)
Closing balance	**15,828,431**	**13,609,555**

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

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

7. TRADE AND OTHER PAYABLES

	Consolidated	
	2019	2018
	$	$
CURRENT		
Proposed buy back shares (Note 10)	3,300,872	-
Trade payables and accruals	2,136,308	2,106,603
	5,437,180	**2,106,603**

There are no trade payables past due. The normal credit from suppliers is 30-60 days

8. PROVISIONS

	Consolidated	
	2019	2018
	$	$
NON CURRENT		
Employee entitlements and other provisions	**615,325**	**516,839**
Employee numbers		
Average number of employees during the financial year	22	22

9. BORROWINGS

	Consolidated 2019 $	2018 $
Working capital loan:		
Provident Minerals Pte Ltd.	3,076,183	1,050,000
Asian Metal Mining Developments Limited	855,539	450,000
PT Saratoga Investama Sedaya Tbk.	798,115	-
Goldtsar Mining Asia Resources (L) Berhad	513,992	-
	5,243,829	**1,500,000**

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

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

10. CONTRIBUTED EQUITY

	Consolidated 2019 $	2018 $
Issued capital		
Fully paid – ordinary shares		
2,097,770,030 (2018: 1,854,262,526)	112,847,825	109,269,211
	112,847,825	**109,269,211**

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

		Number of Shares	$
01/07/2016	**Opening balance**	**1,699,740,648**	**107,220,628**
13/10/2017	Shares issued	20,927,822	292,990
05/12/2017	Shares issued	21,428,571	300,000
10/01/2018	Shares issued	112,165,485	1,570,317
30/06/2018	Shares issuance costs	-	(114,724)
	Balance at 30 June 2018	**1,854,262,526**	**109,269,211**
25/03/2019	Shares issued	463,565,632	6,953,485
	Shares issuance costs	-	(73,999)
	Balance at 30 June 2019	**2,317,828,158**	**116,148,697**
	Proposed buy back shares	(220,058,128)	(3,300,872)
	As per ASX announcement dated 5 July 2019	**2,097,770,030**	**112,847,825**

10. CONTRIBUTED EQUITY (continued)

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

There is no option as at 30 June 2019 (2018: nil).

Buy back shares

On 5 July 2019, Sihayo Gold Limited ("the Company") announced that as a result of inadvertent breaches of ASX Listing Rule 10.11 in connection with the allocation of shortfall under that 1:4 non-renounceable rights issue. The Company intended to buy back 220,058,128 affected shares at the right issue price of $0.015 by no later than 30 August 2019.

ASX has granted the Company an extension by which it must complete the buy back. The Company is working to efficiently complete the buy back as a corrective action required by the ASX whilst still effectively realising the results of the right issue. As of the date of issued this consolidated financial statements, the Company is still processing the buy back shares. The buy back is subject to shareholder approval. An EGM will be convened on 14 October 2019 to seek such approval.

11. RESERVES AND ACCUMULATED LOSSES

		Consolidated	
	Note	2019 $	2018 $
(a) Reserves			
Share based payment reserve	(i)	2,380,395	2,380,395
Foreign currency translation reserve	(ii)	14,295,021	12,802,709
		16,675,416	**15,183,104**
(i) Option premium reserve			
Balance at the beginning of the financial year		2,380,395	2,380,395
Options issued during the year		-	-
Balance at the end of the financial year		**2,380,395**	**2,380,395**

Options

There is no outstanding balance of options as at 30 June 2019.

11. RESERVES AND ACCUMULATED LOSSES (continued)

	Consolidated	
	2019	**2018**
	$	**$**
(ii) Foreign currency reserve		
Balance at the beginning of the financial year	12,802,709	10,996,708
Movement for the year	1,492,312	1,806,001
Balance at the end of the financial year	**14,295,021**	**12,802,709**
(b) Accumulated losses		
Balance at the beginning of the financial year	(91,369,369)	(99,144,809)
Net losses attributable to members of Sihayo Gold Limited	(1,716,554)	(2,091,472)
Transfer of losses from the Group to NCI as a result of write off of exploration and evaluation expenditure and VAT at subisidiary company level	-	9,866,912
Balance at the end of the financial year	**(93,085,923)**	**(91,369,369)**

12. PARENT ENTITY DISCLOSURE NOTE

	Parent	
	2019	**2018**
FINANCIAL POSITION	**$**	**$**
Assets		
Current assets	5,985,367	75,816
Non-current assets	122,814	125,012
Total assets	6,108,181	200,828
Liabilities		
Current liabilities	9,721,742	1,994,520
Non-current liabilities	-	-
Total liabilities	9,721,742	1,994,520
Net assets deficiency	**(3,613,561)**	**(1,793,692)**
Equity		
Issued capital	112,847,825	109,269,211
Accumulated losses	(118,938,481)	(113,539,998)
Reserves		
Option reserve	2,477,095	2,477,095
Total equity	**(3,613,561)**	**(1,793,692)**

12. PARENT ENTITY DISCLOSURE NOTE (continued)

	Parent	
	2019	2018
FINANCIAL PERFORMANCE	$	$
Loss for the year	(5,398,483)	(3,771,455)
Total comprehensive Loss	**(5,398,483)**	**(3,711,455)**

The parent entity did not enter into any guarantees in relation to the debts of its subsidiaries for 2018 or 2019.

13. 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	Chairman
Gavin Caudle	Non Executive Director
Stuart Gula	Non Executive Director
Mark Hepburn	Non Executive Director (resigned on 26 November 2018)
Malcolm Paterson	Managing Director & CEO (resigned on 31 August 2018)
Daniel Nolan	Company Secretary, Chief Financial Officer & Executive Director
Timothy Adams	Interim Chief Executive Officer (resigned on 31 July 2019)

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

Compensation for Key Management Personnel

	Consolidated	
	2019	2018
	$	$
Short-term employee benefits	469,570	641,614
Non monetary benefit	13,969	13,969
Post employment benefits	25,000	-
Share based payments	-	-
	508,539	**655,583**

14. REMUNERATION OF AUDITORS

	Consolidated	
	2019	2018
	$	$
Remuneration for audit or review of the financial reports of the parent entity or any entity in the consolidated entity		
Stantons International	52,800	45,500
Subsidiary Auditor	25,763	21,735
	78,563	**67,235**

15. CLAIM TAX FOR REFUND

In the prior year, the Group's Indonesian subsidiary, PT Sorikmas Mining has a tax assessment which as per 30 June 2018 Annual Report was disclosed as a contingent liability. During the period ended 30 June 2019, the Company paid $554,523 (US$388,388) to the Indonesian Tax Authorities and have subsequently lodged a tax appeal.

16. CONTINGENT ASSETS AND LIABILITIES

There are no contingent assets and liabilities as at 30 June 2019.

17. RELATED PARTIES

Directors and directors-related entities
Disclosures relating to directors and specified executives are set out in the director's report and as detailed in Note 13.

PT Green Gold Engineering, an entity associated with Mr Malcolm Paterson, as PT Sorikmas Mining's consultant feasibility study. The transaction balances as of 30 June 2019 amounting to $299,208.

Provident Minerals Pte Ltd, an entity associated with Mr Galvin Caudle. The Company has owned working capital loan to Provident (Note 9).

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, PT Aneka Tambang Tbk. holding the remaining 25%.

Transactions between Sihayo Gold Limited and related parties in the wholly-owned group during the year ended 30 June 2019 consisted of loans on an interest free basis with no fixed term and no specific repayment arrangements. Sihayo Gold Limited reversed provision for doubtful debts of $8,707,052 due to the movement in loan balance in its accounts for the year ended 30 June 2019 (2018: $6,854,629) 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:

	Parent	
	2019	**2018**
	$	**$**
Non-current receivables	108,761,949	100,054,897
Provision for doubtful debts	(108,761,949)	(100,054,897)
	-	-

The other related parties transactions are all working capital loan owned by the Company which given by the Company's shareholder (Note 9).

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.

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:

	US$ / km^2
General survey period	100
Exploration period	1,100

As at 30 June 2019, PT Sorikmas Mining had fulfilled its expenditure commitments in respect of the General Survey Period and Exploration Period.

Operating leases – rent

The company currently has no operating leases as at 30 June 2019.

Capital commitments

There were no outstanding capital commitments not provided for in the financial statements of the Company as at 30 June 2019 or 30 June 2018.

Other commitments

Parent Entity

Sihayo Gold Limited

Project	Principal activities	Interest 2019	Interest 2018
Mt Keith	Mineral exploration	2% Royalty	2% Royalty

Controlled Entities:

Excelsior Resources Pty Limited

Project	Principal activities	Interest 2019	Interest 2018
Mulgabbie	Mineral exploration	2% Royalty	2% Royalty

19. INVESTMENTS IN CONTROLLED ENTITIES

Controlled entities:	Class of shares	Cost of Parent Entity's investment		Equity holding	
		2019	2018	2019	2018
		$	$	%	%
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 Tbk. holding the remaining 25%. The non-controlling interest in PT Sorikmas Mining equates to 25% of the nets liabilities of PT Sorikmas Mining of US$61,748,805 being $22,040,529 as at 30 June 2019 (2018: $20,795,471). The movement during the year represents the transfer of losses from the Group to non-controlling interest as a result of write off of exploration and evaluation expenditure at subsidiary company level.

20. NOTES TO THE STATEMENT OF CASH FLOWS

	Consolidated 2019 $	Consolidated 2018 $
Cash and cash equivalents	6,256,548	116,210

(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. It includes of $26,891 (2018: $26,390) held in trust.

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

	Consolidated 2019 $	Consolidated 2018 $
Operating loss after income tax	(1,940,143)	(2,673,862)
Non-cash items		
Depreciation	11,415	15,480
Provision for impairment of capitalised exploration and evaluation expenditure	(17,235)	1,865,095
Provision for impairment VAT receivable	-	(2,187,030)
Change in operating assets and liabilities:		
Increase in trade and other receivables	(375,108)	(243,417)
Increase in claim for tax refund	(554,523)	-
Decrease in payables	131,302	1,101,381
Decrease in provisions	98,486	11,366
Net cash outflow from operating activities	**(2,645,806)**	**(2,110,987)**

21. EARNINGS PER SHARE

	Consolidated Entity	
	2019	2018
(a) Basic and diluted loss per share (in cents)	(0.09)	(0.12)
(b) Weighted average number of shares outstanding during the year used in the calculation of basic earnings per share	1,919,642,623	1,777,349,540

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

22. FINANCIAL INSTRUMENTS

Net fair value of financial assets and liabilities

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

	Consolidated	
	2019 $	2018 $
Financial assets		
Cash and cash equivalents	6,256,548	116,210
Trade, other receivables and deposits	2,815,514	2,417,103
Total financial assets	**9,072,062**	**2,533,313**

	Consolidated	
	2019 $	2018 $
Financial liabilities		
Trade and other payables	5,437,180	2,106,603
Borrowings	5,243,829	1,500,000
Other liabilities	57,249	57,271
Total financial liabilities	**10,738,258**	**3,663,874**

22. FINANCIAL INSTRUMENTS (continued)

Credit risk

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

	Consolidated	
	2019	**2018**
	$	**$**
Financial assets		
Cash and cash equivalents	6,256,548	116,210
Trade, other receivables and deposits	2,815,514	2,417,103
Total financial assets	**9,072,062**	**2,533,313**

Impairment losses

At 30 June 2019 and 2018, no additional impairment was made in relation to VAT receivables, however there was a reversal of prior impairment provision. 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.

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 Dollar 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	
	2019	**2018**	**2019**	**2018**
	$	**$**	**$**	**$**
Australian Dollars	985,538	1,472,675	4,489,371	2,448,100

22. FINANCIAL INSTRUMENTS (continued)

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

	Consolidated	
	2019 $	**2018 $**
Cash and cash equivalents		
SGD	6	6
USD	633,152	3,922
IDR	436,067,036	315,973,210
Trade, other receivables and deposits		
IDR	35,073,169,150	25,533,048,944
Trade and other payables		
SGD	5,000	5,000
IDR	9,708,899,498	15,531,069,788

Sensitivity analysis

The table below summarises the impact of a 10 percent weakening/strengthening of the Australian Dollar against the US Dollar, the Singaporean Dollar and Rupiah in the movement of the financial assets and liabilities listed in the previous table.

		Consolidated	
Impact on post-tax profit and accumulated losses	**AUD**	**2019 $**	**2018 $**
USD/AUD	+10%	90,399	534
USD/AUD	-10%	(90,399)	(534)
SGD/AUD	+10%	(527)	(497)
SGD/AUD	-10%	527	497
IDR/AUD	+10%	260,512	97,506
IDR/AUD	-10%	(260,512)	(97,506)

		Consolidated	
Impact on equity reserve only	**AUD**	**2019**	**2018**
USD	+10%	90,399	534
USD	-10%	(90,399)	(534)
SGD	+10%	(527)	(497)
SGD	-10%	527	497
IDR	+10%	260,512	97,506
IDR	-10%	(260,512)	(97,506)

23. EVENTS OCCURRING AFTER REPORTING DATE

The Company has announced the following changes of Board Directors composition:

- Mr Timothy Adams has resigned on 31 July 2019 as Interim Chief Executive Officer.
- Mr George Lloyd has appointed on 1 August 2019 as Chief Executive Officer.

24. 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:

	2019 $	2018 $
Australia	569	492
Africa	-	-
South East Asia	-	-
India	-	-
Total revenue	**569**	**492**

Segment result by geographical region

	2019 $	2018 $
Australia	(1,009,790)	(353,632)
Africa	(659)	(156)
South East Asia	(929,671)	(2,319,989)
India	(592)	(577)
Total expenses	**(1,940,712)**	**(2,674,354)**
Segment result	**(1,940,143)**	**(2,673,862)**

Assets by geographical region

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

	2019 $	2018 $
Australia	6,110,260	200,840
Africa	21,181	21,337
South East Asia	19,618,929	16,246,009
India	2	2
Total assets	**25,750,372**	**16,468,188**

24. SEGMENT INFORMATION (continued)

Liabilities by geographical region

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

	2019 $	2018 $
Australia	(9,725,130)	(1,995,842)
South East Asia	(1,628,453)	(2,184,871)
Total liabilities	**(11,353,583)**	**(4,180,713)**

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 2019 and of their performance for the year ended on that date; and

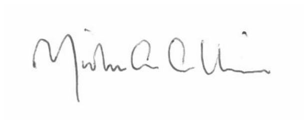
(ii) complying with Accounting Standards and Corporations Regulations 2001; and

(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 2019.

On behalf of the Board



Misha Anthony Collins
Chairman

30 September 2019

Stantons International Audit and Consulting Pty Ltd
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**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF
SIHAYO GOLD LIMITED**

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Sihayo Gold Limited, the Company and its subsidiaries, ("the Group"), which comprises the consolidated statement of financial position as at 30 June 2019, the consolidated statement of Profit or Loss and comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

(i) giving a true and fair view of the Group's financial position as at 30 June 2019 and of its financial performance for the year then ended; and

(ii) complying with Australian Accounting Standards and the Corporations Regulations 2001.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Report section of our report. We are independent of the Group in accordance with the auditor independence requirements of the Corporations Act 2001 and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110: *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

Material Uncertainty Relating to Going Concern

Attention is drawn to the following matter.

As referred to in Note 1(a) to the financial statements, the consolidated financial statements have been prepared on the going concern basis. At 30 June 2019, the Group had cash and cash equivalents of $6,256,548, net working capital deficiency of $4,120,396 and incurred a loss after income tax of $1,940,143.

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

Key Audit Matters

In addition to the matter described in the material uncertainty related to going concern, we have determined the matter described below to be a key audit matter to be communicated in the report.

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matters	How the matter was addressed in the audit
Carrying Value of Mineral Exploration and Evaluation Expenditure	
As at 30 June 2019, Mineral Exploration and Evaluation Expenditure totals $15,828,431 (refer to Note 6 of the financial report). The carrying value of Mineral Exploration and Evaluation Expenditure is a key audit matter due to: ▪ The significance of the total balance (61% of total assets); ▪ The necessity to assess management's application of the requirements of the accounting standard Exploration for and Evaluation of Mineral Resources ("AASB 6"), in light of any indicators of impairment that may be present; and ▪ The assessment of significant judgements made by management in relation to the capitalised exploration and evaluation expenditure.	Inter alia, our audit procedures included the following: i. Reviewing the directors' assessment of the carrying value of the exploration and evaluation costs, ensuring the veracity of the data presented and that management have considered the effect of potential impairment indicators, commodity prices and the stage of the Group's projects against AASB 6; ii. Evaluation of Group documents for consistency with the intentions for continuing exploration and evaluation activities particularly in relation to the Sihayo Gold Project and corroborated with interviews with management. The documents we evaluated included: ▪ Minutes of the board and management; ▪ Announcements made by the Group to the Australian Securities Exchange; and ▪ Reassessed the discount rate, current commodity prices in global markets, applied to the pre-existing NPV model of the Sihayo Gold Project and compared with the updated DFS announced on the ASX; iii. Consideration of the requirements of accounting standard AASB 6 and reviewed the financial statements to ensure appropriate disclosures are made.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2019, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

The directors of the Company are responsible for the preparation 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 gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report**.**

As part of an audit in accordance with Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. 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 of the financial report that gives a true and fair view 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.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of 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.

We conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause the Group to cease to continue as a going concern.

We evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in Internal control that we identify during our audit.

The Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements. We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the consolidated financial report of the current period and are therefore key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 15 to 19 of the directors' report for the year ended 30 June 2019.

In our opinion, the Remuneration Report of Sihayo Gold Limited for the year ended 30 June 2019 complies with section 300A of the *Corporations Act 2001*.

Responsibilities

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.

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

Stantons International Audit and Consulting Pty Ltd

Samir Tirodkar
Director
West Perth, Western Australia
30 September 2019

ADDITIONAL SHAREHOLDER INFORMATION

The following additional information dated 31 August 2019 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	% off issued Capital
1-1000	117	28,923	0.00%
1,001-5,000	72	178,251	0.01%
5,001-10,000	37	289,235	0.01%
10,001-100,000	213	10,000,320	0.43%
100,001 and above	216	2,307,331,429	99.55%
Total	**655**	**2,317,828,158**	**100.00%**

(b) There were 189 shareholders holding less than a marketable parcel.
(c) The percentage of the total of the twenty largest holders of ordinary shares was 90.85%.

2. TWENTY LARGEST SHAREHOLDERS AND OPTION HOLDERS

Names	No. of shares	%
PROVIDENT MINERALS PTE LTD	715,558,359	30.87%
HSBC CUSTODY NOM AUST LTD	410,351,852	17.70%
PT SARATOGA INVESTAMA	312,540,516	13.48%
GOLDSTAR MINING ASIA	178,357,653	7.70%
LION SELECTION GRP LTD	76,738,654	3.31%
NATIONAL NOM LTD	49,094,792	2.12%
CITICORP NOM PL	42,694,305	1.84%
DBS VICKERS SEC SINGAPORE	41,716,835	1.80%
GOLDSTAR ASIA MINING RES	41,030,239	1.77%
FATS PL	31,712,787	1.37%
YAW CHEE SIEW	31,515,151	1.36%
CAUDLE GAVIN ARNOLD	29,779,704	1.28%
PT SARATOGA INVESTAMA	28,420,378	1.23%
PETTERSSON BRADLEY JOHN	22,500,000	0.97%
J P MORGAN NOM AUST LTD	18,109,757	0.78%
LEONG CAROLINE	18,000,000	0.78%
BUTLER DAVID ROBERT	15,642,150	0.67%
PT TEKNOLOGI RISET GLOBAL	14,545,455	0.63%
BJARNASON JON N + R E	14,000,000	0.60%
STARKEY ANDREW PHILLIP	13,600,000	0.59%
Total	**2,105,908,587**	**90.85%**

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
PROVIDENT MINERALS PTE LTD	715,558,359	30.87%
HSBC CUSTODY NOM AUST LTD	410,351,852	17.70%
PT SARATOGA INVESTAMA SEDAYA, TBK	312,540,516	13.48%
GOLDSTAR MINING ASIA	178,357,653	7.70%

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.

SUMMARY OF TENEMENTS HELD BY THE GROUP

FOR THE YEAR ENDED 30 JUNE 2019

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	10.06.25	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	21.09.12		98.0ha	0 [2]
PL28/1079	22.09.08	21.09.12		143.7ha	0 [2]
PL28/1080	22.09.08	21.09.12		140.7ha	0 [2]
PL28/1081	22.09.08	21.09.12		191.4ha	0 [2]
PL28/1082	22.09.08	21.09.12		120.0ha	0 [2]
Gullewa	M59/394			200.0	0 [3]

NOTES

[1] Option to increase interest to 18%

[2] 2% net smelter royalty