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2022 ANNUAL REPORT



ACN 009 241 374

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CORPORATE DIRECTORY

Directors	Colin F Moorhead (Executive Chairman) Misha A Collins <i>C.F.A</i> (Independent Non-Executive Director) Gavin Caudle (Non-Executive Director) Daryl Corp (Independent Non-Executive Director)
Chief Financial Officer	Roderick Crowther
Company Secretary	Susan Park
Registered Office and Business Address	Suite 1 245 Bay Street, Brighton VIC 3186 Telephone: +61 399359161 Facsimile: (07) 33993172 E-mail: sihayogold@sihayogold.com Web: www.sihayogold.com
Share Registry	Automic Group 5/126 Phillip St Sydney NSW 2000 Telephone: 1300 288 664
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, 40 Kings Park Road West Perth WA 6005
Solicitors	Steinepreis Paganin 4/50 Market St Melbourne VIC 3000
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 Shareholders,

On behalf of the Board of Sihayo Gold Limited ("Sihayo" or the "Company"), I am pleased to present the Annual Report for the Company for the year ended 30 June 2022.

It has been another year of significant progress for Sihayo, with key developments over the period including:

- Completion of the 2022 Feasibility Study Update in February 2022, providing an updated, technically robust design for the Sihayo Starter Project while identifying near term upside opportunities
- Completion of extensive high pH pre-leaching metallurgical test work program, indicating potential for significant uplift in metallurgical recoveries for the Sihayo Starter Project
- Ongoing exploration drilling programs at Sihayo and Hutabargot Julu, delivering a maiden Inferred Mineral Resource Estimate at Sihorbo South in September 2022
- Further regional target generation across the 66,200 hectare Contract of Work including encouraging sampling results from Tambang Tinggi
- Completion of a \$9.67 million Non-Renounceable Entitlement Offer in May 2022, with proceeds used to repay existing shareholder loans, pursue the high pH pre-leaching test work as well as complete drilling programs at Sihorbo South and Sihayo Underground
- Ongoing progress of permitting and financing activities for the Sihayo Starter Project, including the commencement of a strategic review process aimed at introducing a funding and development partner for the project

Sihayo's team in Indonesia have continued to manage the challenges of the global COVID-19 pandemic exceptionally well, with activities remaining largely uninterrupted throughout the year. The continued focus on safety remains a key priority the Company.

Building on the foundations the Company has established for the Sihayo Starter Project during FY2022, FY2023 is shaping up to be an important year for Sihayo. The Company will continue to focus on delivering the near-term upside opportunities of the high pH pre-leaching and near mine exploration to improve the economics of the project. Simultaneously, the Company remains committed to delivering value for shareholders through the strategic review process commenced in February 2022 which aims to deliver a pathway to funding construction of the Sihayo Starter Project or a transaction that delivers value for Sihayo's shareholders. We expect to provide an update on this process shortly.

Yours Sincerely,



Colin F Moorhead
Executive Chairman
Sihayo Gold Limited

REVIEW OF OPERATIONS

During the financial year ended 30 June 2022, Sihayo continued to focus its activities on the Sihayo-Pungkut 7th Generation Contract of Work (“CoW”), which it holds through its 75% interest in PT Sorikmas Mining (“PTSM”). The Company aims to maximise value for shareholders through a three-tiered approach across the CoW:

1. Bringing the Sihayo Starter Project (the “Project”) into production
2. Adding value to the Sihayo Starter Project through near mine exploration and further project optimisation
3. A structured approach to regional exploration to discover new mineral deposits within the CoW package

The Company’s primary focus during the year was advancing the Sihayo Starter Project as well as exploration programs at the Hutabargot Julu prospect, located approximately 6 km south of the Sihayo Starter Project.

Sihayo Starter Project

Following the completion of a Definitive Feasibility Study in June 2020 (“2020 DFS”), the Company commenced a series of optimisation studies aimed at addressing any technical gaps in the study work to date and identifying upside opportunities to increase the value of the Project. The optimisation studies covered many aspects of the Project, including:

- Review of the geometallurgical model and its use for mine planning
- Development of a revised pit design and tactical mine schedules
- Updated design of the processing plant consistent with the needs of the tactical mine schedule and geometallurgical parameters of the orebody
- Updated Tailings Storage Facility (“TSF”) design compliant with international standards and suitable for submission to the Indonesian Dam Safety Committee
- Development of the operational strategy for the Project
- Advancing the environmental and community frameworks
- Developing a site-wide water balance model
- Updated project layout to de-risk construction and operating activities
- Re-estimation of operational and capital costs

The optimisation studies resulted in a revision to the Mineral Resources and Ore Reserves for the Project, as well as an updated site layout configuration and revised capital and operating cost estimates, culminating in the 2022 Feasibility Study Update (“2022 FSU”) completed in February 2022. Full details of the 2022 FSU are contained in the SIH:ASX announcement “*Project Update and Launch of Strategic Review*” dated 17 February 2022. A summary of the outcomes is provided below.

Geological Modelling and Mineral Resources Estimates

The Mineral Resource estimate for the Sihayo and Sambung deposits was updated to reflect consolidation of the results from the 2019 infill drilling program at Sihayo and a comprehensive revision of the geology and mineralisation models for both deposits. In particular, the geological model used in the 2020 DFS was updated to reflect metallurgical domains that are now in line with the mine and processing scheduling and inform the stockpiling and blending requirements for the operation. Furthermore, the cut-off grade for the Mineral Resource estimate was revised down from 0.6 g/t Au to 0.4 g/t Au in response to economic analysis used for the Ore Reserve estimate, which showed 0.4 g/t Au was a suitable cut-off for economic material in the deposits. The Mineral Resource estimate for the Sihayo and Sambung deposits is shown in Table 1.

REVIEW OF OPERATIONS

Supporting details are contained in the announcement “Project Update and Launch of Strategic Review” dated 17 February 2022.

Table 1: Mineral Resource estimate for Sihayo and Sambung deposits reported at 0.4 g/t Au cut-off

Deposit	Category	Tonnes (kt)	Grade Au (g/t)	Au (koz)
Sihayo	Measured	5,391	2.11	366
	Indicated	12,611	1.79	726
	Inferred	6,798	1.5	335
	Subtotal	24,800	1.8	1,427
Sambung	Measured	1,793	1.42	82
	Indicated	911	1.55	45
	Inferred	269	1.3	11
	Subtotal	2,973	1.4	138
Total	Measured	7,184	1.94	448
	Indicated	13,522	1.77	771
	Inferred	7,067	1.5	346
	Total	27,773	1.8	1,565

Notes:

Figures may not sum due to rounding

Significant figures do not imply an added level of precision

Mine plan and Ore Reserve Estimates

Using the updated geological model developed by and updated economic inputs, AMC Consultants Pty Ltd (“AMC”) completed pit optimisations, mine designs and detailed tactical scheduling for the Sihayo and Sambung deposits. The updated Ore Reserve estimate is shown in Table 2, with details of the modifying factors contained in the SIH:ASX announcement dated 17 February 2022.

Table 2: Updated Ore Reserves estimate for Sihayo and Sambung deposits

Deposit	Proved			Probable			Total		
	Tonnes (kt)	Gold (g/t)	Gold (koz)	Tonnes (kt)	Gold (g/t)	Gold (koz)	Tonnes (kt)	Gold (g/t)	Gold (koz)
Sihayo	4,360	2.15	301	5,510	1.99	352	9,870	2.06	653
Sambung	1,069	1.72	59	565	1.57	29	1,634	1.67	88
Total	5,429	2.07	360	6,075	1.95	381	11,504	2.00	741

The revised Ore Reserve estimate is based on an open pit operation, producing approximately 551 koz of gold from 774 koz contained gold over the life of mine (“LOM”). This mine plan includes 33 koz of gold from the Inferred Mineral Resource classification. In the revised mine plan, the throughput rate has increased from an average of 1.6 Mtpa in the 2020 DFS to 1.9 Mtpa in the 2022 FSU due to an increase in mill size. This has resulted in the mine life decreasing from 8.5 years to 6.5 years.

REVIEW OF OPERATIONS

Table 3: Key 2022 FSU mine plan metrics

Metric	Unit	2022 FSU
Total material movement	Mt	67.2
Total tonnes processed	Mt	12.1
LOM strip ratio	waste:ore	4.6x
Average gold head grade	g/t Au	2.00
Mine life	years	6.5
Average annual throughput	Mtpa	1.9
Contained gold processed	koz	774
Average metallurgical recoveries	%	71.2%
Total gold produced	koz	551

Figure 1 and Figure 2 show the 2022 FSU mining and gold production profiles.

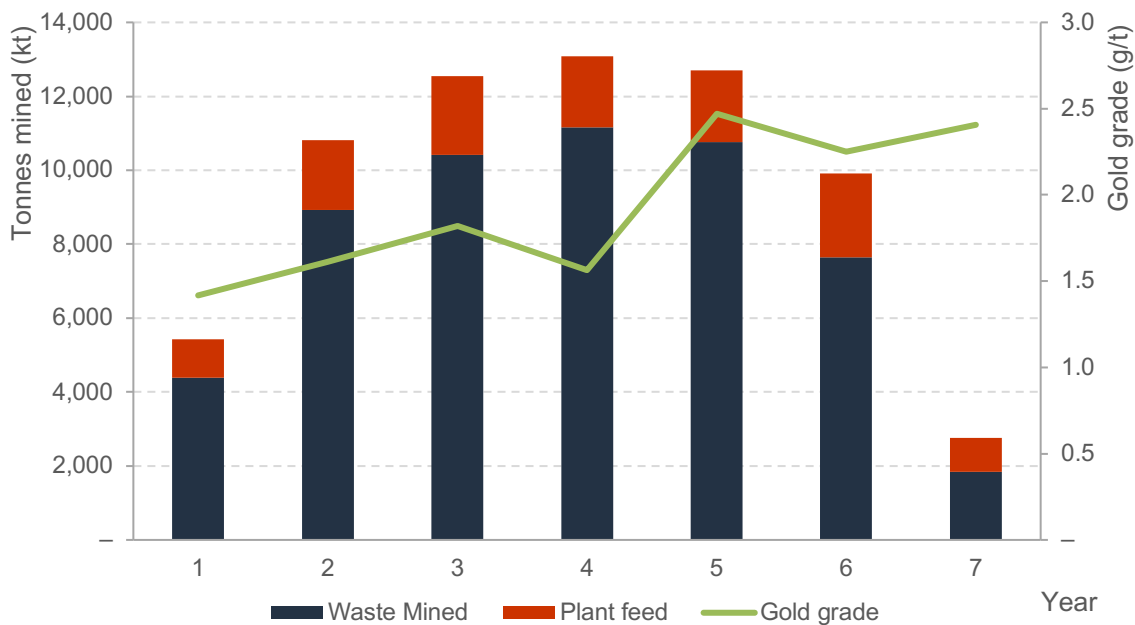


Figure 1: Mining profile underpinning the 2022 FSU

REVIEW OF OPERATIONS

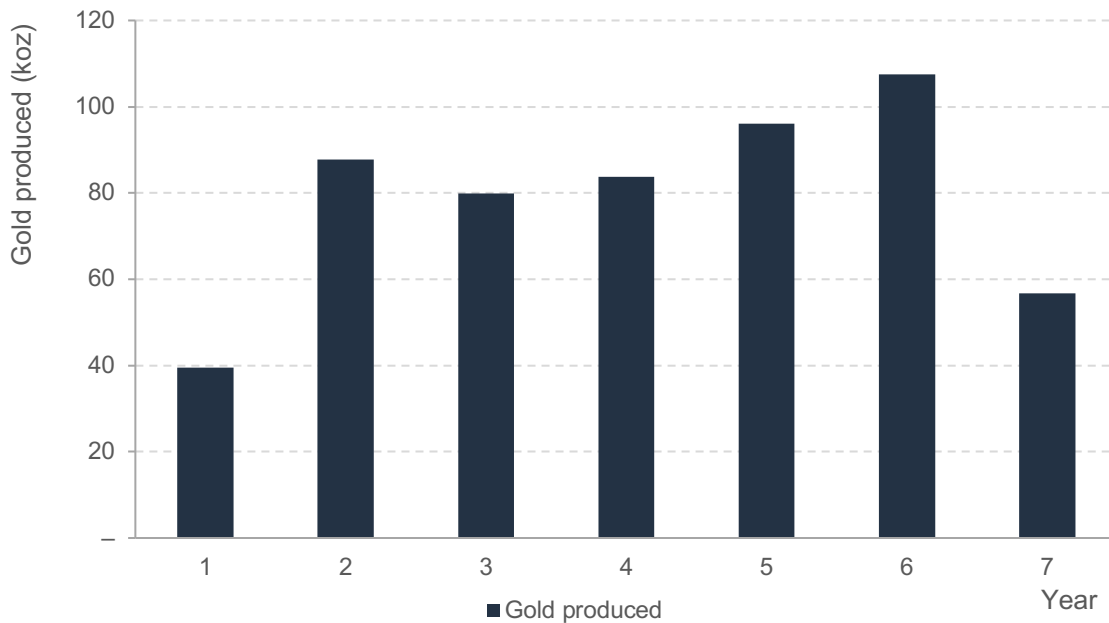


Figure 2: Gold production profile for the 2022 FSU

Revised Processing Plant Design

The Sihayo process plant has been designed to treat the expected range of ore types to be delivered during the LOM mining schedule. The ore was characterised into seven categories based on ore type (regolith, jasperoid and clay-sulphide) and oxidation state (oxide, transitional and fresh).

The processing plant underpinning the 2020 DFS was sized for a throughput rate of 1.5 Mtpa on the harder (fresh) material and up to 2.0 Mtpa on the softer (oxide) material. Given the likely blending ratio of hard and soft material, the resulting throughput in the 2020 DFS averaged 1.6 Mtpa. The Company determined that a larger mill size capable of operating at close to 2.0 Mtpa with all ore types would provide greater flexibility for operations, particularly should additional sources of mineralisation be identified. The 2022 FSU process design now incorporates a 5.7 MW semi-autogenous grinding (“SAG”) mill (a 3.8 MW SAG mill was adopted for the 2020 DFS design).

Another significant change to the processing plant design was the inclusion of an additional crushing station to more effectively manage the oxide ore. A surge bin and emergency stockpile were also added to provide surge capacity ahead of the SAG mill, effectively decoupling the mill from the crushers. Changes were also made to the leaching and adsorption circuits, carbon treatment and tailings thickening design.

REVIEW OF OPERATIONS

Revised Infrastructure and Site Layout

The site layout and infrastructure has undergone significant re-work since the 2020 DFS. This has primarily been driven by the need for increased risk mitigation for the tailings line and water security on site as well as to simplify operations and reduce operating risks. Significant changes include the relocation of the Mine Infrastructure Area (“MIA”), site offices and run-of-mine (“ROM”) pad closer to the processing plant as well as locating the mining camp closer to the mine front gate. These changes allow for a lower-risk, faster construction schedule as the facilities and infrastructure construction can commence prior to completion of the mine access road (from the mine front gate to the Sihayo pit). It also reduces the amount of traffic on site during operations, with only mine workers (including the haulage fleet) required to travel past the MIA on the site access road. This significantly reduces traffic-related risks on site. The revised site layout can be seen in Figure 3.

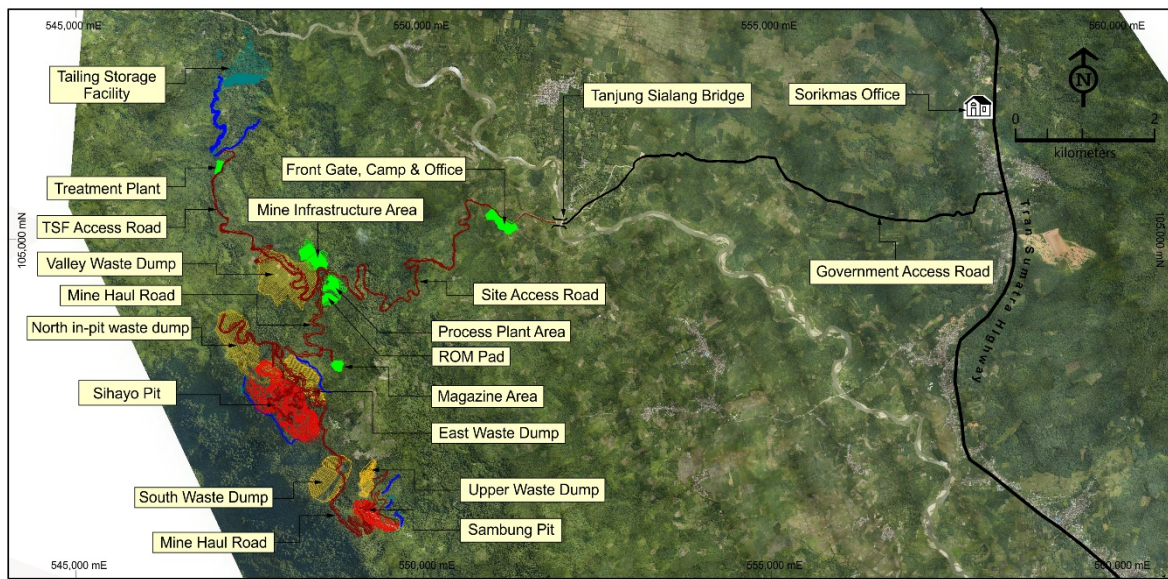


Figure 3: Revised site layout for the Sihayo Starter Project

Updated Operating and Capital Cost Estimates

Operating and capital cost estimates were updated as a result of the significant changes to the project design during the 2022 FSU. Updated estimates are shown in Table 4 and

Table 5.

Table 4: 2022 FSU site operating costs

Metric	Unit	2022 FSU
Mining cost	USD/t material	2.65
Processing cost	USD/t ore	12.2
General and Administrative cost	USD/t ore	5.7
Total site cost (excl. royalties)	USD/t ore	32.7

REVIEW OF OPERATIONS

Table 5: 2022 FSU upfront capital cost estimates

Capital Cost (USD million)	2022 FSU
Project General	10
Open Pit Mining Infrastructure	12
Processing Plant	52
TSF	31
Infrastructure	20
Site Support Facilities	8
Temporary Construction Facilities	1
Owner's Costs	39
Total Capital Expenditure	173
Mobile Equipment	23
Establishment of Ops Team During Construction	10
Pre-production Mining Costs	8
Working Capital	4
Total Upfront Capital (excl. Contingency)	219
Contingency	25
Total Upfront Capital (incl. Contingency)	243

Financial model outputs

Table 6: Financial outputs for the 2022 FSU assuming USD1,700/oz gold price

Metric	Unit	2022 FSU
LOM Net Revenue ¹	USD million	931
LOM Operating Costs (incl. royalties) ²	USD million	439
LOM Capital Costs (incl. contingency) ³	USD million	315
Closure costs	USD million	22
Pre-tax LOM cash flow	USD million	156
Post-tax LOM cash flow	USD million	120
NPV (post-tax, 5% discount rate)	USD million	50
IRR (post-tax)	%	10.1%

¹ Gross revenues less realization costs (doré transport and refining)

² Includes all pre-production mining costs and working capital

³ Includes LOM sustaining capital costs and excludes pre-production mining costs and working capital

REVIEW OF OPERATIONS

Opportunities – High pH Leaching

During the 2022 FSU, the Company identified a number of opportunities to increase the value of the Project. The opportunity with the potential to most significantly increase project value is the introduction of a high pH pre-leaching phase into the processing flow sheet.

Test work was conducted over an 18-month period to July 2022 to confirm the effect of a high pH pre-leach on the gold recovery of Fresh and Transition material from the Sihayo deposits. The test work conditions mimicked a 12 hour pre-leach at high pH, with 40 kg/t of caustic, followed by a conventional 24 hour cyanide leach (CIL).

The dataset resulting from the test work program comprised a total of 55 individual Transition samples and 17 Fresh samples. A full list of the results is contained in the SIH: ASX announcement “*Completion of High pH Leaching Test Work*”, dated 5 July 2022. For Transition mineralisation, the uplift in recoveries when applying caustic pre-leaching ranged from 8% to 61%, with an average uplift of 32% (in absolute percentage points). For Fresh mineralisation, recovery uplifts ranged from 21% to 74% with the average of 45%. It has been determined that high pH pre-leaching has minimal impact on recoveries of Oxide Ore.

As shown in Table 7, the introduction of high pH pre-leaching has the potential to increase overall recoveries of the Sihayo Starter Project from 71.2% to approximately 80 – 85%, based only on the mineralisation included in the 2022 FSU (which was comprised of 96% Ore Reserves and 4% Mineral Resources classified as Inferred).

Table 7: Average LOM recoveries from 2022 FSU and targeted post-caustic recoveries by mineralisation type

Mineralisation Type	Proportion of Life of Mine Plant Feed (%)	Average gold grade (g/t)	Average CIL recovery (%)	Targeted Recovery Post Caustic (%)
Oxide	37.5%	1.57	83.4%	83.4%
Transition	37.5%	2.27	70.2%	80 – 85%
Fresh	25.0%	2.22	59.8%	80 – 85%
Average		2.00	71.2%	80 – 85%

Applying higher recoveries to the Project can also potentially add additional mineralisation not already included in the mine plan. Moreover, the larger recovery uplifts from high pH pre-leaching appear to be aligned with higher grade material at depth. It is the Company’s view that further high-grade mineralisation exists below the current pit design which has the potential to be economic with the higher recoveries. This area is largely underexplored and is the target of the Company’s current drilling program.

Permitting

The Company continues its focus on obtaining the required permits and approvals to construct and operate the Sihayo Starter Project. The Company benefits from having previously received major permits for the project with current efforts aimed at updating approvals following material changes to the project during the 2020 DFS and 2022 FSU. The major permits required to commence construction at the Project are:

- Approval of the Government of Indonesia Feasibility Study (“GoIFS”)
- AMDAL Addendum (Environmental approval)
- IPPKH Operation (Forestry Permit)
- Tailings Storage Facility Construction and Placement Permits (Tailings Permits)

REVIEW OF OPERATIONS

The technical and economic approval for the GoIFS was received in April 2021. Final GoIFS approval is contingent on receipt of approval of the AMDAL Addendum, which is currently ongoing with submission targeted during the second half of CY2022. The IPPKH Operation (Forest Borrow-to-Use permit) is expected to take a further six to nine months following approval of the AMDAL Addendum.

Exploration

The 66,200 ha CoW, subdivided into two blocks, is located within the Barisan Mountains in North Sumatra province and within the same highly prospective mineral belt that hosts the large Martabe gold-silver deposit located about 80 km northwest of the Sihayo project area.

The CoW contains numerous (+20) early to advanced stage gold, silver and base metal prospects that were defined through reconnaissance-style exploration campaigns between 1995 and 2002. Detailed follow-up exploration conducted between 2002 and 2013 was largely focussed on the Sihayo, Sambung, Hutabargot, Dolok, Tambang Tinggi, Tambang Ubi and Tambang Hitam prospects; including the estimation of gold resources on the Sihayo and Sambung jasperoid-hosted gold deposits.

This large tenement remains vastly under-explored and has secure tenure over a long-life (up to 2049 plus two additional 10-year extensions) with potential to contain major gold-silver and base metal discoveries across a broad spectrum of magmatic arc-related mineralization styles including epithermal veins, porphyry, skarn, and sediment-host deposits. Tenement-scale regional geological, geochemical, geophysical and drilling datasets have been compiled from previous exploration work and provide the basis for exploration targeting and on-going work plans in tandem with the development of the Sihayo and Sambung gold deposits.

Exploration activities during the 12 months ended 30 June 2022 focused largely on the Hutabargot Julu prospect, located approximately 6 km southeast of the Sihayo Starter Project, as well as a program at Sihayo-2. Most recently the Company has completed a drilling program targeting beneath pit mineralisation at the Sihayo Starter Project with assay results to be published soon.

Hutabargot Julu

A reconnaissance drilling program testing an extensive gold-soil anomaly in the northern half of the Hutabargot Julu prospect was completed in early 2021. This program consisted of 4,806 m of diamond coring in 25 inclined holes and produced multiple gold-silver intercepts in 21 of the 25 holes, confirming the potential for both bulk-tonnage stockwork epithermal gold-silver mineralisation and locally higher-grade gold-silver vein targets in this large prospect area.

REVIEW OF OPERATIONS

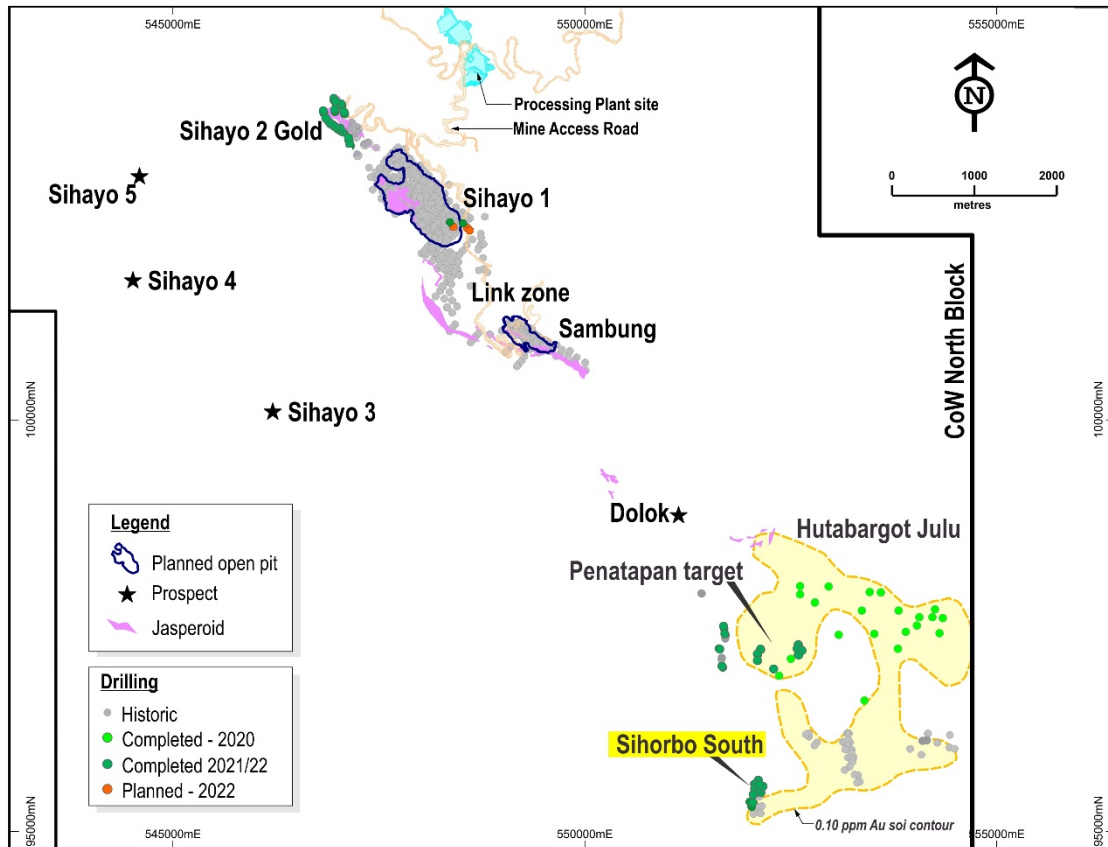


Figure 4: Location of Hutabargot Julu prospect in relation to the Shayo Starter Project

The first follow-up target following the reconnaissance drilling program was Penatapan. A 2,577 m, 11-hole drilling program was completed in November 2021 with multiple low-grade intercepts reported (refer to SIH:ASX announcements dated 8 September 2021, 25 October 2021, 23 November 2021 and 25 January 2022). Penatapan is a bulk tonnage gold-silver target defined within a 400 m by 500 m area and associated with disseminated mineralisation in quartz-carbonate stockworks-breccias. It shows potential for low-stripping ratio shallow oxide gold-silver mineralisation from multiple narrow low-to-moderate grade gold-silver intercepts returned in various parts of the prospect and is open to the north and south of the drilled area. The Company is considering a further drilling program to better define this prospect.

Following completion of the program at Penatapan, a drilling program commenced in September 2021 at Sihorbo South. Sihorbo South is a volcanic-hosted intermediate-sulphidation epithermal gold-silver vein system located in the South-West corner of the Hutabargot Julu prospect. A 13-hole, 1,416 m drilling program was completed in 2013. Since resuming drilling at Sihorbo South in 2021, the Company completed a further 30 holes for 5,216 m. Results for these programs were reported in SIH:ASX announcements dated 23 November 2021, 25 January 2022, 23 March 2022 and 15 June 2022.

The drilling program culminated in the release of a maiden Inferred Mineral Resource in September 2022 (refer to

Table 8). Full details of the Sihorbo South Mineral Resource estimate are included in the SIH:ASX announcement “*Sihorbo South Maiden Mineral Resource*” dated 7 September 2022.

REVIEW OF OPERATIONS

Table 8: Sihorbo South Prospect – Maiden Inferred Mineral Resource Estimate

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

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

Additional drilling is required to upgrade the resource classification on Sihorbo South. A drilling program is being planned and may be implemented on the completion of drilling activities that are currently in progress at Sihayo. Sihayo also plans to conduct scoping study work to assess the potential to include Sihorbo South as a satellite operation for the Sihayo Starter Project.

Regional Exploration

A greenfields discovery program to assess the potential for porphyry copper and epithermal precious metal deposits in the broader CoW was initiated early in the year. Intrepid Geophysics P/L of Melbourne was engaged in 2021 to undertake reprocessing, imaging, modelling and interpretation of geophysical data acquired from previous exploration work. The first stage of this activity has been completed and provided high-quality detailed imagery that have enhanced our understanding of geological controls on the multiple mineral prospects identified in historic exploration work. The results of this work also support the substantial potential for new gold, silver and base metal discoveries on both blocks of the large CoW. Integration of these reprocessed datasets with historic exploration data is in progress with the aim of generating a pipeline of new targets for ground truthing and ranking.

The Company commenced a surface sampling program at the Tambang Tinggi and Tambang Ubi prospect, located in the northeast corner of the South Block of the CoW, in late 2021. Initial results from this program were released in the SIH:ASX announcement *“Encouraging Surface Sample Results from Tambang Tinggi”* dated 6 April 2022. The encouraging results continue to highlight strong gold and copper anomalies associated with quartz-sulphide veins and skarns located with a >4 km by 1 km area along the Tambang Tinggi project area.

The Company has commenced the process of applying for an IPPKH Exploration forestry permit to conduct detailed surface exploration activities, such as trenching and drilling, inside forestry designated areas located on the eastern side of the CoW South Block. The initial application covers approximately 10,000 ha of forestry that includes a large part of the Tambang Tinggi gold belt.

REVIEW OF OPERATIONS

Other Projects

India – Diamond Exploration (9-10%)

No progress was made during the year in resolving the legal status of the tenements.

Mount Keith Gold Project – Western Australia (2% net smelter royalty)

No mining was undertaken on the project during the year.

Mulgabbie Gold Project – Western Australia (2% net smelter royalty)

No mining was undertaken on the project during the year.

Competent Persons Statements

Mineral Resources estimate

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

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

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

Ore Reserves

The information in this Statement that relates to the Sihayo Starter Project Ore Reserve estimate is based on information compiled and reviewed by Mr Andrew Goulsbra, Mr Brett Stevenson, and Mr Mark Flanagan, Competent Persons as defined in the JORC Code 2012.

Mr Goulsbra is a full-time employee of East Riding Mining Services and is a Member of The Australasian Institute of Mining and Metallurgy. Mr Goulsbra is the Competent Person responsible for the metallurgical modifying factors of the Ore Reserve estimate.

Mr Stevenson is a full-time employee of Knight Piésold Pty Ltd and is a Member of The Australasian Institute of Mining and Metallurgy. Mr Stevenson is the Competent Person responsible for the tailings modifying factors (deposition and storage facility design) of the Ore Reserve estimate.

Mr Flanagan is a full-time employee of AMC Consultants Pty Ltd and is a Chartered Professional Member of The Australasian Institute of Mining and Metallurgy. Except for metallurgical and tailings modifying factors, Mr Flanagan is responsible for the remaining modifying factors informing the Ore Reserve estimate.

Mr Goulsbra, Mr Stevenson, and Mr Flanagan have sufficient experience that is relevant to the Sihayo Starter Project style of mineralisation and or type of deposit under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'.

The Competent Persons have not undertaken a site visit due to COVID-19 Pandemic travel restrictions. The Competent Persons have reviewed core pictures, virtually toured the core shed, and discussed the expected site operating conditions with PTSM personnel that have been to the Project site.

The information compiled by the Competent Persons was prepared by technical specialists under direction of the suitably qualified personnel that provided physical, technical, and financial inputs to the Sihayo Starter Project 2022 FSU report and Ore Reserve estimate.

The Competent Persons are satisfied that the work of the technical specialists is acceptable for the purposes of Ore Reserve estimation. Each person has provided consent statements for this report in their area of expertise confirming that the modifying factors are suitable for the estimation of an Ore Reserve according to the JORC Code 2012. In undertaking the work related to the Sihayo Starter Project; the Competent Persons have acted as an independent party, have no interest in the outcome of the project, and have no business relationship with PTSM or any of the joint venture companies other than undertaking those individual technical consulting assignments as engaged, and being paid according to standard per diem rates with reimbursement for out-of-pocket expenses. Therefore, the Competent Persons believe that there is no conflict of interest in undertaking the assignments which are the subject of this report.

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 2022 ("the reporting period").

DIRECTORS

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

Colin F Moorhead - Executive Chairman
Misha Collins – Non-Executive Director
Gavin Caudle - Non-Executive Director
Daryl Corp - Non-Executive Director

PRINCIPAL ACTIVITIES

The principal activities of the consolidated entity during the course of the financial year were the continuing development of the Sihayo Starter Project and ongoing exploration across the CoW, with a particular focus on the Hutabargot Julu prospect. 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 5-16.

OPERATING RESULTS

During the financial year the consolidated entity incurred a consolidated operating loss after income tax of \$41,605,819 (2021: \$3,316,531).

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

There have been no significant changes in the state of affairs of the consolidated entity for the 2022 financial year.

SIGNIFICANT EVENTS AFTER BALANCE SHEET DATE

There have been no significant events after 2022 financial year.

EMPLOYEES

The consolidated entity employed 29 employees as at 30 June 2022 (2021: 29 employees).

CORPORATE STRUCTURE

The Corporate Group consists of the parent entity Sihayo Gold Limited, its 100% owned subsidiaries Excelsior Resources Pty Ltd, Oropa Indian Resources 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%.

DIRECTORS' REPORT

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 2022 are \$15,203,811 (2021: \$42,823,147).

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:

Colin F Moorhead (appointed on 1 July 2020)
(Executive Chairman)

Experience and expertise

Mr Moorhead is an experienced industry executive with a demonstrated track record of, over three decades, building value in mining companies through innovation, discovery, project development and safe, efficient operations. A geologist by training, Mr Moorhead is known for strong leadership, strategy and execution that saw him rise through the ranks from a graduate with BHP in 1987 to an executive level manager responsible for global exploration and resource development at Newcrest Mining (ASX:NCM) from 2008 to 2015, a period of significant growth for the company.

Mr Moorhead became the CEO of emerging Indonesian listed producer PT Merdeka Copper Gold (IDX:MDKA) in January 2016, where he built and led the team that constructed and commissioned the highly successful Tujuh Bukit Gold Mine. Merdeka has subsequently gone on to refinance at a corporate level, taken over Finders Resources Limited and built a strong growth portfolio.

At an Industry level Mr Moorhead was elected to the Board of The Australasian Institute of Mining and Metallurgy (AusIMM) in 2014 and was elected as AusIMM President 2017 and 2018.

Mr Moorhead is also a Graduate of Harvard Business School Advanced Management Program and is currently Executive Chairman of Xanadu Mines (ASX:XAM) and a Non-Executive Director of explorer Coda Minerals (ASX:COD) and Aeris Resources (ASX:AIS).

Directorships of Other ASX Listed Companies

Xanadu Mines (ASX: XAM)
Coda Minerals Ltd (ASX: COD)
Aeris Resources Ltd (ASX: AIS)

DIRECTORS' REPORT

Information on Directors (continued)

Former ASX Listed Companies Directorships in last 3 years

Finders Resources Limited (removed from official ASX listing on 14 May 2019)

Interests in shares and options

3,600,000 ordinary shares (held directly)

94,500,000 share options

Misha A Collins BEng (Hons), GCertFin, GradDipFin, MAusIMM, MAICD, CFA

(Independent Non-Executive Director)

Experience and expertise

Mr Collins has 24 years of experience as a financial analyst, company director and mining executive. He has most recently been CEO of Cassidy Gold Corporation and acted as adviser to several significant debt and equity transactions in the gold mining industry. He has been a director of Sihayo Gold since 2008.

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).

Mr Collins is also a Member of the Australian Institute of Mining and Metallurgy and the Australian Institute of Company Directors.

Directorships of Other ASX Listed Companies

Non-Executive Director of Rimfire Pacific Mining (from 7 April 2022)

Former ASX Listed Companies Directorships in last 3 years

No former directorships

Special responsibilities

Audit Committee Chairman

Interests in shares and options

6,823,547 ordinary shares (held directly)

DIRECTORS' REPORT

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 and 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 and 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

Finders Resources Limited (removal from official ASX listing on 14 May 2019)

Former ASX Listed Companies Directorships in last 3 years

No former directorships

Special responsibilities

Audit Committee member

Interests in shares and options

193,280,651 ordinary shares (held directly)

1,887,399,938 ordinary shares (held indirectly)

DIRECTORS' REPORT

Information on Directors (continued)

Daryl Corp

(Non-Executive Director)

Experience and expertise

Mr Corp is a senior mining executive with over 40 years' experience in the minerals industry in a wide range of both corporate and operational roles. This has involved base metals, iron ore and precious metals projects and operations, both in Australia and offshore. Mr Corp commenced his career as a graduate mining engineer in Broken Hill before joining Newcrest Mining Limited, progressing from technical roles to more senior roles where he developed broader corporate skills. Mr Corp held a range of positions at Newcrest including Transformation Executive – Business Development, General Manager – Executive Committee Co-ordination and Projects, Head of Ore Reserves Governance, General Manager – Corporate Affairs, and Manager – Business Development.

Mr Corp managed feasibility studies for several underground gold mine developments as well as initial studies for both the Cadia Hill and Ridgeway mines. Mr Corp was responsible for delivering permits required for development of the Gosowong Gold Mine in Indonesia, remaining with the project as Project Manager – Mining during the construction and early operations at Gosowong.

Mr Corp holds a Bachelor of Engineering in Mining from the University of Melbourne and a Diploma in Geoscience from Macquarie University. Mr Corp is a Fellow of The Australasian Institute of Mining and Metallurgy.

Directorships of Other ASX Listed Companies

Kingsrose Mining Ltd (ASX: KRM)

Former ASX Listed Companies Directorships in last 3 years

No former directorships

Interests in shares and options

5,000,000 ordinary shares (held directly)

Roderick Crowther (appointed on 7 September 2020)

(Chief Financial Officer)

Experience and expertise

Mr Crowther has significant corporate finance experience in the mining sector through a variety of roles in investment banking, private equity and corporate business development. His most recent role was at Newcrest Mining in the Business Development team where he executed a number of acquisitions and divestments, including the sale of Newcrest's 75% interest in the Gosowong mine in Indonesia. Prior to this, he held roles at EMR Capital, Azure Capital and J.P. Morgan where he advised on a number of debt and equity raisings and mergers and acquisitions for mining companies.

He holds a Bachelor of Engineering (Honours) and a Bachelor of Commerce (Honours) from the University of Queensland as well as a Masters of Mining Engineering from the University of New South Wales. He is also a CFA Charterholder.

Directorships of Other ASX Listed Companies

None

DIRECTORS' REPORT

Former ASX Listed Companies Directorships in last 3 years

No former directorships

Interests in shares and options

434,782 ordinary shares (held indirectly)

51,000,000 share options

Susan Park (appointed on 1 July 2021)

(Company Secretary)

Experience and expertise

Ms Park has over 24 years' experience in the corporate finance industry and extensive experience in company secretarial and non-executive director roles with ASX, AIM and TSX listed companies. She holds a Bachelor of Commerce, is a Member of the Australian Institute of Chartered Accountants, a Fellow of the Financial Services Institute of Australasia, a Fellow of the Governance Institute of Australia and a Graduate Member of the Australian Institute of Company Directors. She is currently Company Secretary of several ASX listed companies.

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

MEETINGS OF DIRECTORS

The following tables set out the number of meetings of the Company's Directors held during the year ended 30 June 2022, 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
C Moorhead	11	11
M Collins	11	11
Gavin Caudle	11	9
D Corp	11	11

Audit committee meeting:

	Number eligible to attend	Number Attended
M Collins	2	2
Gavin Caudle	2	2
D Corp	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 Executive Chairperson and Chief Financial Officer goals and objectives, evaluate Executive Chairperson and Chief Financial Officer performance in light of these corporate objectives, and set Executive Chairperson and Chief Financial Officer compensation levels consistent with Company philosophy. The committee will recommend appropriate salary, bonus and other compensation for all senior executives to the Board for approval;
- 5) review and approve compensation packages for new corporate officers and termination packages for corporate officers as requested by management;
- 6) review and approve the awards made under any executive officer bonus plan, and provide an appropriate report to the Board;
- 7) 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
- 8) 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.

DIRECTORS' REPORT

Remuneration Report (Audited) (continued)

Engagement of remuneration consultants

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

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 2022. There have been no changes to the below named Key Management Personnel since the end of the reporting period unless noted:

2022 Name	Short-term		Post-Employment		Long Term		Equity	Total \$	Total remuneration represented by options
	Cash Salary & Fees	Non- Monetary Benefits	Super- annuation	Retirement Benefits	Incentive Plans	LSL	Share based payment		
C Moorhead	250,000	21,641	25,000	-	-	-	(101,487)	195,154	-
M Collins	45,000	4,008	-	-	-	-	-	49,008	-
G Caudle	45,000	3,975	-	-	-	-	-	48,975	-
R I Crowther	265,000	23,408	26,500	-	-	-	(69,991)	244,917	-
D Corp	54,400	4,759	5,440	-	-	-	-	64,599	-
	659,400	57,791	56,940	-	-	-	(171,478)	602,653	-

- \$250,000 in Directors fees was paid to C Moorhead at 30 June 2022.
- \$45,000 in Directors fees was paid to M Collins as at 30 June 2022.
- \$551,250 in Directors fees was payable as at 30 June 2022 to G Caudle for fees for the year ended 30 June 2022 and in lieu of previous years Directors fees. For the year ended 30 June 2022, his director fees were \$45,000.
- \$265,000 in salaries was paid to R I Crowther at 30 June 2022.
- \$54,400 in Directors fees was paid to D Corp at 30 June 2022.
- \$57,791 non monetary benefit is related to Director and Officers Liability Insurance.
- \$171,478 of share based expense reversed as vesting condition not achievable.

Others transactions with Directors and Key Management Personnel not included in the above remuneration table:

- During the year, the Company's Executive Chairman, Colin F Moorhead, has an associated entity Colin Moorhead & Associates, that provided the below services to the Company:
 - Rental office space, administration and office support with total amount of \$64,332
 - Consultation for an environmental, social and governance with total amount of \$183,109
- There were no loans made to Key Management Personnel during the year ended 30 June 2022.

DIRECTORS' REPORT

Remuneration Report (Audited) (continued)

Details of remuneration (continued)

2021 Name	Short-term		Post-Employment		Long Term		Equity	Total \$	Total remuneration represented by options
	Cash Salary & Fees	Non- Monetary Benefits	Super- annuation	Retirement Benefits	Incentive Plans	LSL	Share based payment		
C Moorhead	257,917	22,710	15,833	-	-	-	101,487	397,947	26%
M Collins	51,667	4,549	-	-	-	-	-	56,216	-
G Caudle	45,000	3,962	-	-	-	-	-	48,962	-
D Nolan	47,325	4,167	24,000	-	-	-	-	75,492	-
R I Crowther	219,387	19,317	16,783	-	-	-	69,991	325,478	22%
D Corp	4,566	403	434	-	-	-	-	5,403	-
G Lloyd	80,972	-	-	-	-	-	-	80,972	-
	706,834	55,108	57,050	-	-	-	171,478	990,470	17%

- (a) \$273,750 in Directors fees was paid to C Moorhead at 30 June 2021.
- (b) \$51,667 in Directors fees was paid to M Collins as at 30 June 2021.
- (c) \$506,250 in Directors fees was payable as at 30 June 2021 to G Caudle for fees for the year ended 30 June 2021 and in lieu of previous years Directors fees. For the year ended 30 June 2021, his director fees were \$45,000.
- (d) \$71,325 in Directors fees was paid to D Nolan at 30 June 2021.
- (e) \$236,170 in salaries was paid to R I Crowther at 30 June 2021.
- (f) \$5,000 in Directors fees was paid to D Corp at 30 June 2021.
- (g) \$80,972 in salaries was paid to G Lloyd at 30 June 2021.
- (h) \$55,108 non monetary benefit is related to Director and Officers Liability Insurance.

Others transactions with Directors and Key Management Personnel not included in the above remuneration table:

- (i) During the year, the Company's Executive Chairman, Colin F Moorhead, has an associated entity Colin Moorhead & Associates, that provided the below services to the Company:
- Rental office space, administration and office support with total amount of \$58,905
 - Consultation for an environmental, social and governance with total amount of \$81,675
- (j) There were no loans made to Key Management Personnel during the year ended 30 June 2021.

DIRECTORS' REPORT

Remuneration Report (Audited) (continued)

Option holdings of Key Management Personnel

Details of vesting profiles of the options granted as remuneration to each Key Management Personnel of the Group are detailed below:

30 June 2022	Number of options granted	Grant date of options	Exercise price of options \$	Fair value of options on grant date \$	Expiry date	Vested
C Moorhead	14,500,000	30/11/2020	\$0.02907	\$101,487	09/12/2022	-
	10,000,000	30/11/2020	\$0.02907	\$69,991	09/12/2022	-
	20,000,000	30/11/2020	\$0.03624	\$243,059	09/12/2026	-
	50,000,000	30/11/2020	\$0.03624	\$607,648	09/12/2026	-
M Collins	-	-	-	-	-	-
G Caudle	-	-	-	-	-	-
D Corp	-	-	-	-	-	-
R I Crowther	10,000,000	30/11/2020	\$0.02907	\$69,991	09/12/2022	-
	7,000,000	30/11/2020	\$0.02907	\$48,994	09/12/2022	-
	14,000,000	30/11/2020	\$0.03624	\$170,142	09/12/2026	-
	20,000,000	30/11/2020	\$0.03624	\$243,549	09/12/2026	-

Options granted as part of remuneration

The following table summarises the value of options granted, exercised or lapsed for the year ended 30 June 2022.

30 June 2022	Value of options granted during the year	Value of options exercised during the year	Value of options lapsed during the year	% Remuneration consisting of options granted for the year
C Moorhead	-	-	-	-
M Collins	-	-	-	-
G Caudle	-	-	-	-
R I Crowther	-	-	-	-
D Corp	-	-	-	-
Total	-	-	-	-

There were no alterations to the terms and conditions of options granted as remuneration since their grant. Options issued to employees vest on the basis that continual employment with the Company is achieved. All employees leaving while options are yet to vest will forfeit their options. Director options vest on date of issue. For details on the valuation of the options, including models and assumptions used, please refer to Note 13.

DIRECTORS' REPORT

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:

30 June 2022	Balance 1 July 2021		Granted as remuneration		On exercise of options		Net change other	Balances as at date of resignation/ termination		Balance 30 June 2022	
	Ord	Pref	Ord	Pref	Ord	Pref	Ord	Ord	Pref	Ord	Pref
C Moorhead	2,000,000	-	-	-	-	-	1,600,000	-	-	-	3,600,000
M Collins	6,823,547	-	-	-	-	-	-	-	-	-	6,823,547
G Caudle	963,534,378	-	-	-	-	-	1,117,146,211	-	-	-	2,080,680,589
R I Crowther	434,782	-	-	-	-	-	-	-	-	-	434,782
D Corp	-	-	-	-	-	-	-	-	-	-	-
Total	972,792,707	-	-	-	-	-	1,118,746,211	-	-	-	2,091,538,918

30 June 2021	Balance 1 July 2020		Granted as remuneration		On exercise of options		Net change other	Balances as at date of resignation/ termination		Balance 30 June 2021	
	Ord	Pref	Ord	Pref	Ord	Pref	Ord	Ord	Pref	Ord	Pref
C Moorhead	-	-	-	-	-	-	2,000,000	-	-	-	2,000,000
M Collins	6,823,547	-	-	-	-	-	-	-	-	-	6,823,547
G Caudle	717,374,167	-	-	-	-	-	246,160,211	-	-	-	963,534,378
D Nolan	5,363,649	-	-	-	-	-	1,999,999	(7,363,648)	-	-	-
R I Crowther	-	-	-	-	-	-	434,782	-	-	-	434,782
Daryl Corp	-	-	-	-	-	-	-	-	-	-	-
Total	729,561,363	-	-	-	-	-	250,594,992	(7,363,648)	-	-	972,792,707

Shares under Option

30 June 2022	Terms and conditions for each grant							
	Key Management Personnel	Number vested	Number granted as remuneration	Grant date	Fair value per option at grant date (\$)	Exercise per option (\$)	Expiry date	First exercise date
C Moorhead	-	24,500,000	30/11/2020	\$0.0070	\$0.02907	09/12/2022	-	-
		70,000,000		\$0.0122	\$0.03624	09/12/2026		
M Collins	-	-	-	-	-	-	-	-
G Caudle	-	-	-	-	-	-	-	-
R I Crowther	-	17,000,000	30/11/2020	\$0.0070	\$0.02907	09/12/2022	-	-
		34,000,000		\$0.0122	\$0.03624	09/12/2026		
D Corp	-	-	-	-	-	-	-	-
Total	-	145,500,000						

DIRECTORS' REPORT

Shares under Option (continued)

30 June 2021	Terms and conditions for each grant							
Key Management Personnel	Number vested	Number granted as remuneration	Grant date	Fair value per option at grant date (\$)	Exercise per option (\$)	Expiry date	First exercise date	Last exercise date
C Moorhead	-	24,500,000	30/11/2020	\$0.0070	\$0.02907	09/12/2022	-	-
		70,000,000		\$0.0122	\$0.03624	09/12/2026		
M Collins	-	-	-	-	-	-	-	-
G Caudle	-	-	-	-	-	-	-	-
D Nolan	-	-	-	-	-	-	-	-
R I Crowther	-	17,000,000	30/11/2020	\$0.0070	\$0.02907	09/12/2022	-	-
		34,000,000		\$0.0122	\$0.03624	09/12/2026		
D Corp	-	-	-	-	-	-	-	-
Total	-	145,500,000						

DIRECTORS AND KEY MANAGEMENT PERSONNEL AGREEMENTS

Whilst no formal agreements have been entered into between the Company and some of its Directors, annual Director remuneration, as disclosed below, has been Board approved. Colin F Moorhead has an Employee Services Agreement in place with the Company and Daryl Corp has an agreement to act as a Non-Executive Director with the Company.

Name	Remuneration Per Annum (\$) plus Allowance
Misha Collins	45,000
Gavin Caudle	45,000
Colin F Moorhead (appointed on 1 July 2020)*	250,000
Daryl Corp (appointed on 1 June 2021)*	60,000
Roderick Crowther (appointed on 7 September 2020)*	265,000
Susan Park (appointed on 1 July 2021)*	48,000

*The formal agreement commenced on the appointment date and will continue until the agreement is validly terminated in accordance with its terms. There are no termination payments for Directors and Key Management Personnel.

END OF REMUNERATION REPORT

Directors and Officers Insurance

During the year \$57,791 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.

DIRECTORS' REPORT

WORKING CAPITAL LOAN

There were no working capital loans outstanding as at 30 June 2022 and 30 June 2021. These loans were converted into shares as per Note 11.

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 to the Court under section 237 of the Corporations Act 2001 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:

<https://www.sihayogold.com/site/about/corporate-governance>

NON-AUDIT SERVICES

There were no non-audit services fees 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 30.

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



Colin F Moorhead
Executive Chairman

30 September 2022



Stantons

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30 September 2022

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

Dear Sirs

RE: SIHAYO GOLD LIMITED

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

As Audit Director for the audit of the financial statements of Sihayo Gold Limited for the year ended 30 June 2022, I declare that to the best of my knowledge and belief, there have been no contraventions of:

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

Yours faithfully,

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

Martin Michalik
Director

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CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2022

	Notes	Consolidated	
		2022 \$	2021 \$
Other revenue	3	9,859	4,537
Total revenue		9,859	4,537
Impairment exploration and evaluation asset		(37,872,421)	-
Employee benefits expense		(1,369,722)	(1,105,620)
External consultancy expenses		(1,013,757)	(846,744)
Permit and licenses		(536,763)	(600,638)
Foreign exchange loss		(421,090)	(43,317)
Finance costs		(129,431)	(177,179)
Corporate secretarial expenses		(86,832)	(78,989)
Insurance expense		(57,791)	(45,111)
Travel expenses		(36,170)	(32,405)
Deregistration of subsidiaries		(19,560)	-
Tax expenses		(17,833)	(18,126)
Depreciation and amortisation	5,7(a)	(16,704)	(15,553)
Rental expense		(4,385)	(10,448)
Share based payments	13	171,478	(171,478)
Other expenses		(204,697)	(175,460)
Loss before income tax		(41,605,819)	(3,316,531)
Income tax	3(a)	-	-
Net loss		(41,605,819)	(3,316,531)
Other comprehensive income			
Items that may be reclassified to profit or loss:			
Movement in foreign currency translation reserve		4,551,835	(1,863,913)
Items that cannot be reclassified to profit or loss:			
Movement in actuarial income/(loss) on defined pension benefit scheme		34,539	(69,843)
Other comprehensive income/(loss) for the year, net of tax		4,586,374	(1,933,756)
Total comprehensive loss for the year		(37,019,445)	(5,250,287)
Loss after income tax attributable to:			
Members of Sihayo Gold Limited		(41,951,493)	(2,563,744)
Non-controlling interest		345,674	(752,787)
		(41,605,819)	(3,316,531)
Comprehensive loss after income tax attributable to:			
Members of Sihayo Gold Limited		(35,399,100)	(6,437,222)
Non-controlling interest		(1,620,345)	1,186,935
		(37,019,445)	(5,250,287)
Basic loss per share in cents	22	(1.08)	(0.08)

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2022

		Consolidated	
	Notes	2022 \$	2021 \$
CURRENT ASSETS			
Cash and cash equivalents	21	2,441,467	8,333,814
Trade and other receivables	4	445,952	626,364
TOTAL CURRENT ASSETS		2,887,419	8,960,178
NON-CURRENT ASSETS			
Trade and other receivables	4	4,949,860	3,672,432
Deposits	26	446,580	369,043
Capitalised exploration and evaluation expenditure	6	5,528,100	30,072,957
Property, plant and equipment	5	3,903,900	2,655,820
Right-of-use asset	7(a)	7,444	9,846
TOTAL NON-CURRENT ASSETS		14,835,884	36,780,098
TOTAL ASSETS		17,723,303	45,740,276
CURRENT LIABILITIES			
Trade and other payables	8	1,515,467	2,184,562
Provision for mining rehabilitation	10	191,637	-
Lease liability – current	7(b)	3,531	2,929
Other liabilities		57,225	57,225
TOTAL CURRENT LIABILITIES		1,767,860	2,244,716
NON-CURRENT LIABILITIES			
Provisions	9	746,701	664,669
Lease liability – non current	7(b)	4,931	7,744
TOTAL NON-CURRENT LIABILITIES		751,632	672,413
TOTAL LIABILITIES		2,519,492	2,917,129
NET ASSETS		15,203,811	42,823,147
EQUITY			
Parent entity interest:			
Contributed equity	11	158,654,770	149,083,183
Reserves	12(a)	19,814,464	13,433,549
Accumulated losses	12(b)	(140,049,851)	(98,098,358)
Total parent entity interest		38,419,383	64,418,374
Non-controlling interest in controlled entities	20(b)	(23,215,572)	(21,595,227)
TOTAL EQUITY		15,203,811	42,823,147

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2022

	Share capital \$	Options & other reserve \$	Foreign currency translation reserve \$	Accumulated losses \$	Non-controlling interest \$	Total \$
Balance at 1.07.20	115,604,238	2,380,395	14,755,154	(95,534,614)	(22,782,162)	14,423,011
Loss for the year	-	-	-	(2,563,744)	(752,787)	(3,316,531)
Movement in foreign currency translation reserve	-	-	(3,821,096)	-	1,957,183	(1,863,913)
Movement in actuarial loss on defined pension benefit scheme	-	128,425	(180,807)	-	(17,461)	(69,843)
Total comprehensive loss for the year	-	128,425	(4,001,903)	(2,563,744)	1,186,935	(5,250,287)
Issue of shares (net of transaction costs)	33,478,945	-	-	-	-	33,478,945
Share based payments	-	171,478	-	-	-	171,478
Balance at 30.06.21	149,083,183	2,680,298	10,753,251	(98,098,358)	(21,595,227)	42,823,147
Balance at 1.07.21	149,083,183	2,680,298	10,753,251	(98,098,358)	(21,595,227)	42,823,147
Loss for the year	-	-	-	(41,951,493)	345,674	(41,605,819)
Movement in foreign currency translation reserve	-	-	6,526,489	-	(1,974,654)	4,551,835
Movement in actuarial income on defined pension benefit scheme	-	168,439	(142,535)	-	8,635	34,539
Total comprehensive loss for the year	-	168,439	6,383,954	(41,951,493)	(1,620,345)	(37,019,445)
Issue of shares (net of transaction costs)	9,571,587	-	-	-	-	9,571,587
Share based payments	-	(171,478)	-	-	-	(171,478)
Balance at 30.06.22	158,654,770	2,677,259	17,137,205	(140,049,851)	(23,215,572)	15,203,811

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

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2022

	Notes	Consolidated	
		2022 \$	2021 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Payments to suppliers & employees		(5,389,528)	(5,111,640)
Interest received		9,859	4,537
NET CASH FLOWS USED IN OPERATING ACTIVITIES	21(b)	(5,379,669)	(5,107,103)
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for addition of mineral exploration and evaluation expenditure		(9,071,057)	(9,733,417)
Payments for addition of property, plant & equipment		(1,017,984)	(2,218,708)
NET CASH FLOWS USED IN INVESTING ACTIVITIES		(10,089,041)	(11,952,125)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from share issuance	21(d)	6,085,814	24,543,526
Shares issuance cost		(95,080)	(1,410,984)
Payment of borrowings		(710,488)	-
Proceeds from borrowings		4,300,204	2,090,592
Payment of lease liability	7(b)	(4,087)	(3,795)
NET CASH FLOWS RECEIVED FROM FINANCING ACTIVITIES		9,576,363	25,219,339
Net (decrease)/ increase in cash and cash equivalents held		(5,892,347)	8,160,111
Cash and cash equivalents at the beginning of the financial year		8,333,814	173,703
Cash and cash equivalents at the end of the financial year	21	2,441,467	8,333,814

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For The Year Ended 30 June 2022

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 29 September 2022. 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 (AASB) and the Corporations Act 2001. The consolidated financial report of the Group also complies with International Financial Reporting Standards (IFRS) and interpretations adopted by the International Accounting Standards Board.

New standards and amended accounting standards and interpretation current year

Several new standards, amendments to standards and interpretations have recently been issued that were effective for the year ended 30 June 2022. Details of these are provided below:

- *AASB 2021-3: Amendments to Australian Accounting Standards – COVID-19 Related Rent Concessions beyond 30 June 2021*

The Group has applied AASB 2021-3: Amendments to Australian Accounting Standards – COVID-19-Related Rent Concessions beyond 30 June 2021 this reporting period.

The amendment amends AASB 16 to extend by one year, the application of the practical expedient added to AASB 16 by AASB 2020-4: Amendments to Australian Accounting Standards – COVID-19-Related Rent Concessions. The practical expedient permits lessees not to assess whether rent concessions that occur as a direct consequence of the COVID-19 pandemic and meet specified conditions are lease modifications and instead, to account for those rent concessions as if they were not lease modifications. The amendment has not had a material impact on the Group's financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For The Year Ended 30 June 2022

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

New standards and amended accounting standards and interpretation current year (continued)

- *AASB 2020-8: Amendments to Australian Accounting Standards – Interest Rate Benchmark Reform – Phase 2*

The Group has applied AASB 2020-8 which amends various standards to help listed entities to provide financial statement users with useful information about the effects of the interest rate benchmark reform on those entities' financial statements. As a result of these amendments, an entity:

- will not have to derecognise or adjust the carrying amount of financial statements for changes required by the reform, but will instead update the effective interest rate to reflect the change to the alternative benchmark rate;
- will not have to discontinue its hedge accounting solely because it makes changes required by the reform, if the hedge meets other hedge accounting criteria; and
- will be required to disclose information about new risks arising from the reform and how it manages the transition to alternative benchmark rates. The amendment has not had a material impact on the Group's financial statements.

New and amended accounting policies not yet adopted by the group

- *AASB 2020-1: Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-current*

The amendment amends AASB 101 to clarify whether a liability should be presented as current or non-current. The Group plans on adopting the amendment for the reporting period ending 30 June 2024. The amendment is not expected to have a material impact on the financial statements once adopted.

- *AASB 2020-3: Amendments to Australian Accounting Standards – Annual Improvements 2018-2020 and Other Amendments.*

AASB 2020-3: Amendments to Australian Accounting Standards – Annual Improvements 2018-2020 and Other Amendments is an omnibus standard that amends AASB 1, AASB 3, AASB 9, AASB 116, AASB 137 and AASB 141. The Group plans on adopting the amendment for the reporting period ending 30 June 2023. The impact of the initial application is not yet known.

- *AASB 2021-2: Amendments to Australian Accounting Standards – Disclosure of Accounting Policies and Definition of Accounting Estimates.*

The amendment amends AASB 7, AASB 101, AASB 108, AASB 134 and AASB Practice Statement 2. These amendments arise from the issuance by the IASB of the following International Financial Reporting Standards: Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2) and Definition of Accounting Estimates (Amendments to IAS 8). The Group plans on adopting the amendment for the reporting period 30 June 2024. The impact of the initial application is not yet known.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For The Year Ended 30 June 2022

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

New standards and amended accounting standards and interpretation current year (continued)

New and amended accounting policies not yet adopted by the group (continued)

- *AASB 2021-5: Amendments to Australian Accounting Standards – Deferred Tax related to Assets and Liabilities arising from a Single Transaction*

The amendment amends the initial recognition exemption in AASB 112: *Income Taxes* such that it is not applicable to leases and decommissioning obligations – transactions for which companies recognise both an asset and liability and that give rise to equal taxable and deductible temporary differences. The Group plans on adopting the amendment for the reporting period ending 30 June 2024. The impact of the initial application is not yet known.

The standards listed above did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

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 2022, the Group incurred a loss before tax of \$41,605,819 (2021: loss of \$3,316,531) and has a working capital surplus of \$1,119,559 (2021 surplus: \$6,715,462). The Group has cash and cash equivalents of \$2,441,467 (2021: \$8,333,814) and current liabilities of \$1,767,860 (2021: \$2,244,716).

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For The Year Ended 30 June 2022

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

a) Going concern (continued)

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.

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 20.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For The Year Ended 30 June 2022

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

b) Principles of consolidation (continued)

Equity interests in a subsidiary not attributable, directly or indirectly, to the Group are presented as “non-controlling interests”. The Group initially recognises non-controlling interests that are present ownership interests in subsidiaries and are entitled to a proportionate share of the subsidiary’s net assets on liquidation at either fair value or at the non-controlling interests’ proportionate share of the subsidiary’s net assets.

Subsequent to initial recognition, non-controlling interests are attributed their share of profit or loss and each component of other comprehensive income. Non-controlling interests are shown separately within the equity section of the statement of financial position and statement of comprehensive income.

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.

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

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For The Year Ended 30 June 2022

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

e) Property, plant & equipment

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

Property, 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For The Year Ended 30 June 2022

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

e) Property, plant & equipment (continued)

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) Acquisition of assets

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

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

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.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For The Year Ended 30 June 2022

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

h) Financial instruments (continued)

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.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For The Year Ended 30 June 2022

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

h) Financial instruments (continued)

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.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For The Year Ended 30 June 2022

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

h) Financial instruments (continued)

Impairment

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.

Fair value hierarchy

AASB 13 requires the disclosure of fair value information by level of the fair value hierarchy, which categorises fair value measurements into one of three possible levels based on the lowest level that an input that is significant to the measurement can be categorised into as follows:

Level 1

Measurements based on quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.

Level 2

Measurements based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3

Measurements based on unobservable inputs for the asset or liability.

The fair values of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data. If all significant inputs required to measure fair value are observable, the asset or liability is included in Level 2. If one or more significant inputs are not based on observable market data, the asset or liability is included in Level 3.

The Group would change the categorisation within the fair value hierarchy only in the following circumstances

- (i) if a market that was previously considered active (Level 1) became inactive (Level 2 or Level 3) or vice versa; or
- (ii) if significant inputs that were previously unobservable (Level 3) became observable (Level 2) or vice versa.

When a change in the categorisation occurs, the Group recognises transfers between levels of the fair value hierarchy (i.e. transfers into and out of each level of the fair value hierarchy) on the date the event or change in circumstances occurred.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For The Year Ended 30 June 2022

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

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 subsidiaries' functional and presentation currency are in Australian dollars, United States dollar and Singapore dollar.

The consolidated financial statements are presented in Australian dollars which is the parent entity's functional and presentation currency.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For The Year Ended 30 June 2022

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 prevailing for the periods.

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 are relatively consistent with previous policy and has therefore 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 was 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For The Year Ended 30 June 2022

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

n) Revenue (continued)

Interest income

Interest income from financial assets is recognised when it is probable that economic benefit will flow to the Group and the amount of revenue can be measured reliably.

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 include cash on hand, deposits held at call with banks, other short term highly liquid investments with original maturities of three months.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For The Year Ended 30 June 2022

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For The Year Ended 30 June 2022

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

t) Trade and other receivables (continued)

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.

u) 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.

v) Leases

The Group has adopted AASB 16 as 1 July 2019. At inception of a contract the Group assesses if the contract contains or is a lease. If there is a lease present, a right-of-use asset and a corresponding liability are recognised by the Group where the Group is a lessee. However, all contracts that are classified as short-term leases (i.e. leases with a remaining lease term of 12 months or less) and leases of low-value assets are recognised as an operating expense on a straight-line basis over the term of the lease.

Initially, the lease liability is measured at the present value of the lease payments still to be paid at the commencement date. The lease payments are discounted at the interest rate implicit in the lease. If this rate cannot be readily determined, the Group uses incremental borrowing rate.

Lease payments included in the measurement of the lease liability are as follows:

- fixed lease payments less any lease incentives;
- variable lease payments that depend on index or rate, initially measured using the index or rate at the commencement date;
- the amount expected to be payable by the lessee under residual value guarantees;
- the exercise price of purchase options if the lessee is reasonably certain to exercise the options;
- lease payments under extension options, if the lessee is reasonably certain to exercise the options; and
- payments of penalties for terminating the lease, if the lease term reflects the exercise of options to terminate the lease.

The right-of-use assessment comprises the initial measurement of the corresponding lease liability, any lease payments made at or before the commencement date and any initial direct costs. The subsequent measurement of the right-of-use assets is at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated over the lease term or useful life of the underlying asset, whichever is the shortest.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For The Year Ended 30 June 2022

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

v) Leases (continued)

Where a lease transfers ownership of the underlying asset or the costs of the right-of-use asset reflects that the Group anticipates exercising a purchase option, the specific asset is depreciated over the useful life of the underlying asset.

The Group has disclosed in the Note 7 for right-of-use asset and lease liability.

w) Borrowing costs

Borrowing costs include interest relating to borrowings, including trade creditors and lease finance arrangements. Borrowing costs are expensed as incurred.

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 as per Note 6. The application of this policy necessarily requires management to make certain estimates and assumptions as to future events and circumstances, in particular, the assessment of whether economic quantities of reserves are found. Any such estimates and assumptions may change as new information becomes available.

Significant accounting estimates and assumptions

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For The Year Ended 30 June 2022

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

x) Significant accounting judgements, estimates and assumptions (continued)

Recovery of deferred tax 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. Please refer to Note 13 for share based payments.

y) Segment reporting

The Group determines and presents operating segments based on the information that internally is provided to the Executive Chairman, 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 Executive Chairman to make decisions about resources to be allocated to the segment and assess its performance.

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For The Year Ended 30 June 2022

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
2022**

	Fixed interest rate maturing in					Total carrying amount at balance sheet	Applicable interest rate on 30 June 2022
	Floating interest rate	1 year or less	1 to 5 years	More than 5 years	Non-interest bearing		
	\$	\$	\$	\$	\$	\$	%
<i>Financial assets</i>							
Cash and cash equivalents	2,441,467	-	-	-	-	2,441,467	-
Trade and other receivables	-	-	-	-	4,949,860	4,949,860	-
Deposits	-	-	391,675	-	54,905	446,580	3.25%
Total financial assets	2,441,467	-	391,675	-	5,004,765	7,837,907	
<i>Trade and other liabilities</i>							
Trade and other payables	-	-	-	-	1,515,467	1,515,467	-
Lease liability	-	3,531	4,931	-	-	8,462	10%
Other liabilities	-	-	-	-	57,225	57,225	-
Total financial liabilities	-	3,531	4,931	-	1,572,692	1,581,154	

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For The Year Ended 30 June 2022

2. RISK MANAGEMENT (continued)

Consolidated Entity
2021

	Fixed interest rate maturing in					Total carrying amount at balance sheet	Applicable interest rate on 30 June 2021
	Floating interest rate	1 year or less	1 to 5 years	More than 5 years	Non-interest bearing		
	\$	\$	\$	\$	\$	\$	%
<i>Financial assets</i>							
Cash and cash equivalents	8,333,814	-	-	-	-	8,333,814	-
Trade and other receivables	-	-	-	-	3,672,432	3,672,432	-
Deposits	-	-	369,043	-	-	369,043	3.25%
Total financial assets	8,333,814	-	369,043	-	3,672,432	12,375,289	-
<i>Financial liabilities</i>							
Trade and other payables	-	-	-	-	2,184,562	2,184,562	-
Lease liability	-	2,929	7,744	-	-	10,673	10%
Other liabilities	-	-	-	-	57,225	57,225	-
Total financial liabilities	-	2,929	7,744	-	2,241,787	2,252,460	-

(b) Credit risk exposures

The consolidated entity and the Company have 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 23.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For The Year Ended 30 June 2022

2. RISK MANAGEMENT (continued)

(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. Please refer to Note 23 for exposure to fluctuation in foreign currencies.

(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 lease liabilities.

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 borrowings lease liability:

		Consolidated	
		2022	2021
		\$	\$
Lease liability	+ 1%	85	107
Lease liability	- 1%	(85)	(107)

(e) Commodity Price Risk

At the 30 June 2022, the Group does not have any financial instruments subject to commodity price risk.

3. REVENUE

		Consolidated	
		2022	2021
		\$	\$
Revenue from the operating activities:			
Interest		9,859	4,537
		<u>9,859</u>	<u>4,537</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For The Year Ended 30 June 2022

3(a) INCOME TAX EXPENSE

	Consolidated	
	2022	2021
	\$	\$
Loss from ordinary activities before income tax expense	(41,605,819)	(3,316,531)
(i) Prima facie tax benefit on loss from ordinary activities at 25% (30 June 2021: 26%)	(10,401,455)	(862,298)
Tax effects of amounts which are not deductible/(taxable) in calculating taxable income:		
Accruals	247,205	224,268
Foreign exchange	105,273	-
Penalty expense	-	230
Capital loss	(580,458)	-
Share based payment	(42,870)	44,584
	(10,672,305)	(593,216)
Movement in unrecognised temporary difference	9,168,160	(104,368)
Tax effect of current year tax losses for which no deferred tax asset has been recognised	1,504,145	697,584
Income tax expense	-	-
(ii) Unrecognised temporary differences		
Deferred tax assets at 25% (30 June 2021: 26%)		
Carried forward revenue tax losses	8,732,041	8,650,615
Carried forward capital tax losses	1,467,981	871,335
Black hole expenditure	246,863	314,083
Provisions	247,205	224,268
	10,694,090	10,060,301

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(a)(i) due to foreign exchange differences.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For The Year Ended 30 June 2022

4. TRADE AND OTHER RECEIVABLES

	Consolidated	
	2022	2021
	\$	\$
CURRENT		
Prepayments	445,952	626,364
	445,952	626,364
NON CURRENT		
VAT receivable	4,949,860	3,672,432
	4,949,860	3,672,432

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

5. PROPERTY, PLANT AND EQUIPMENT

	Consolidated	
	2022	2021
	\$	\$
NON-CURRENT		
Land at Cost	76,397	69,951
Plant and equipment, at cost	352,531	352,531
Write off	(352,531)	-
Less: accumulated depreciation	-	(352,269)
	-	262
Motor vehicles, at cost	117,555	117,555
Less: accumulated depreciation	(117,555)	(117,555)
	-	-
Office equipment, at cost	775,680	757,103
Additions	16,747	17,411
Less: accumulated depreciation	(764,818)	(751,423)
	27,609	23,091
Construction in progress	2,798,657	2,562,516
Addition	1,001,237	-
	3,799,894	2,562,516
Total property, plant and equipment	3,903,900	2,655,820

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For The Year Ended 30 June 2022

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:

2022

	Land at cost \$	Plant & equipment \$	Motor vehicles \$	Office equipment \$	Construction in progress \$	Total \$
Consolidated						
Carrying amount at 1 July 2021	69,951	262	-	23,091	2,562,516	2,655,820
Effect of foreign currency translation	6,446	-	-	1,166	236,141	243,753
Additions	-	-	-	16,747	1,001,237	1,017,984
Disposal	-	(262)	-	-	-	(262)
Depreciation expense	-	-	-	(13,395)	-	(13,395)
Carrying amount at 30 June 2022	76,397	-	-	27,609	3,799,894	3,903,900

2021

	Land at cost \$	Plant & equipment \$	Motor vehicles \$	Office equipment \$	Construction in progress \$	Total \$
Consolidated						
Carrying amount at 1 July 2020	76,508	418	-	19,588	-	96,514
Effect of foreign currency translation	(6,557)	-	-	(1,569)	-	(8,126)
Additions	-	-	-	17,411	2,562,516	2,579,927
Disposal	-	-	-	-	-	-
Depreciation expense	-	(156)	-	(12,339)	-	(12,495)
Carrying amount at 30 June 2021	69,951	262	-	23,091	2,562,516	2,655,820

6. CAPITALISED EXPLORATION AND EVALUATION EXPENDITURE

	Consolidated	
	2022 \$	2021 \$
Opening balance	30,072,957	24,510,923
Additions during the year	10,569,224	7,650,464
Impairment	(37,872,421)	-
Change arising from foreign currency movement	2,758,340	(2,088,430)
Closing balance	5,528,100	30,072,957

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For The Year Ended 30 June 2022

6. CAPITALISED EXPLORATION AND EVALUATION EXPENDITURE (continued)

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 future cash flows of the Sihayo Gold Project.

7(a) RIGHT-OF-USE ASSET

	Consolidated	
	2022	2021
	\$	\$
NON-CURRENT Right-of-use asset	7,444	9,846

Reconciliation of right-of-use asset

Consolidated	Office space
	\$
Carrying amount at 1 July 2021	9,846
Depreciation expense	(3,309)
Effect on foreign currency translation	907
Carrying amount at 30 June 2022	7,444

Consolidated	Office space
	\$
Carrying amount at 1 July 2020	14,082
Depreciation expense	(3,058)
Effect on foreign currency translation	(1,178)
Carrying amount at 30 June 2021	9,846

7(b) LEASE LIABILITIES

	Consolidated	
	2022	2021
	\$	\$
CURRENT		
Lease liabilities	3,531	2,929
NON-CURRENT		
Lease liabilities	4,931	7,744
TOTAL	8,462	10,673

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For The Year Ended 30 June 2022

7(b) LEASE LIABILITIES (Continued)

Reconciliation of lease liability

Consolidated	Office space
	\$
Beginning balance 1 July 2021	10,673
Interest expense	945
Lease payment	(4,087)
Effect on foreign currency translation	931
Ending balance 30 June 2022	8,462

Reconciliation of lease liability

Consolidated	Office space
	\$
Beginning balance 1 July 2020	14,574
Interest expense	1,151
Lease payment	(3,795)
Effect on foreign currency translation	(1,257)
Ending balance 30 June 2021	10,673

8. TRADE AND OTHER PAYABLES

	Consolidated	
	2022	2021
	\$	\$
CURRENT		
Trade payables and accruals	1,515,467	2,184,562
	1,515,467	2,184,562

There are no trade payables past due.

9. PROVISIONS

	Consolidated	
	2022	2021
	\$	\$
NON-CURRENT		
Employee entitlements	584,216	491,315
Other provisions	162,485	173,354
TOTAL	746,701	664,669

Employee numbers		
Average number of employees during the financial year	29	27

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For The Year Ended 30 June 2022

10. PROVISION FOR MINING REHABILITATION

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

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

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

The addition provision during the period amounting to \$191,637 equivalent to US\$132,019 was capitalized to property and equipment. Management is of the opinion that the provisions as at the reporting date are sufficient to meet its obligations.

As of 30 June 2022, PT Sorikmas Mining has placed a restricted time deposit in relation to reclamation amounting to IDR3,994,849,613 or equivalent to \$391,675 equivalent US\$269,825 (30 June 2021: \$368,203 equivalent to US\$277,030).

11. CONTRIBUTED EQUITY

	Consolidated	
	2022	2021
	\$	\$
Issued capital		
Fully paid – ordinary shares		
6,102,128,090 (2021: 3,685,461,421)	158,654,770	149,083,183
	158,654,770	149,083,183

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For The Year Ended 30 June 2022

11. CONTRIBUTED EQUITY (Continued)

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

		Number of Shares	\$
01/07/2020	Opening balance	2,289,864,262	115,604,238
28/08/2020	Shares issued	572,466,065	14,311,652
05/10/2020	Shares issued (i)	363,357,359	9,083,934
08/10/2020	Shares issued	158,228,083	3,955,702
03/12/2020	Shares issued (ii)	83,623,693	2,090,592
18/12/2020	Shares issued	217,921,959	5,448,049
	Share issuance costs	-	(1,410,984)
	Balance at 30 June 2021	3,685,461,421	149,083,183
27/05/2022	Shares issued (iii)	565,924,746	2,263,699
03/06/2022	Shares issued (iii)	1,850,741,923	7,402,968
	Share issuance costs	-	(95,080)
	Balance at 30 June 2022	6,102,128,090	158,654,770

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 are 145,500,000 options in issue as at 30 June 2022 (2021: 145,000,000 shares).

Loan conversions

During the 2021 and 2022, the Company had converted loans with the following details:

- (i) Included within the 363,357,359 shares issued, there is a conversion of the shareholder loan with total 330,232,444 shares issued @\$0.025 per share.
- (ii) Conversion of convertible loan of US\$1,500,000 (\$2,090,592) into 83,623,693 shares @\$0.025 per share.
- (iii) Included within the 2,416,666,669 shares, there is a conversion of the working capital loan with total 895,213,240 shares issued @\$0.004 per share.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For The Year Ended 30 June 2022

12. RESERVES AND ACCUMULATED LOSSES

	Note	Consolidated	
		2022 \$	2021 \$
(a) Reserves			
Option reserve	(i)	2,380,395	2,551,873
Foreign currency translation reserve	(ii)	17,137,205	10,753,251
Other reserve	(iii)	296,864	128,425
		<u>19,814,464</u>	<u>13,433,549</u>

	Consolidated	
	2022 \$	2021 \$
(i) Option reserve		
Balance at the beginning of the financial year	2,551,873	2,380,395
Movement for the year (Note 13)	(171,478)	171,478
Balance at the end of the financial year	<u>2,380,395</u>	<u>2,551,873</u>

	Consolidated	
	2022 \$	2021 \$
(ii) Foreign currency reserve		
Balance at the beginning of the financial year	10,753,251	14,755,154
Movement for the year	6,383,954	(4,001,903)
Balance at the end of the financial year	<u>17,137,205</u>	<u>10,753,251</u>

(iii) Other reserve
Other reserve related to movement in actuarial loss on defined pension benefit scheme in Indonesia.

	Consolidated	
	2022 \$	2021 \$
(b) Accumulated losses		
Balance at the beginning of the financial year	(98,098,358)	(95,534,614)
Net losses attributable to members of Sihayo Gold Limited	(41,951,493)	(2,563,744)
Balance at the end of the financial year	<u>(140,049,851)</u>	<u>(98,098,358)</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For The Year Ended 30 June 2022

13. SHARE BASED PAYMENTS

The share-based payments expense was nil (30 June 2021: \$171,478). The expense recorded in 2021 has been reversed during the year ended 30 June 2022 since the Board of Directors anticipate that the vesting conditions will not be achievable on or before the expiry of 9 December 2022. The following table lists those inputs to the model used pertaining to options granted during the prior year ended 30 June 2021.

No. of options	24,500,000	17,000,000	34,000,000	70,000,000
Grant date	30/11/2020	30/11/2020	30/11/2020	30/11/2020
Share price	\$0.0190	\$0.0190	\$0.0190	\$0.0190
Exercise price	\$0.02907	\$0.02907	\$0.03624	\$0.03624
Interest rate	8.50%	8.50%	29.54%	29.54%
Expiry date	09/12/2022	09/12/2022	09/12/2026	09/12/2026
Volatility	90%	90%	90%	90%
Fair value at grant date	\$0.0070	\$0.0070	\$0.0122	\$0.0122
Vesting conditions (refer below)	(1)	(2)	(3)	(4)

- (1) The Company raises US\$7,000,000 in equity from parties other than current significant shareholders and/or PT Merdeka Copper Gold Tbk and affiliates; and achieves financial closing in relation to the Sihayo Gold Project whereby bank loans fund a minimum of 50% of the project construction's capital expenditure.
- (2) The Company successfully raises an additional US\$30,000,000 in equity from parties other than current significant shareholders, and/or PT Merdeka Copper Gold Tbk and affiliates for the Sihayo Gold Project before project construction commences.
- (3) The Company makes full repayment of all outstanding debt from free-cashflow.
- (4) The first occur of:
 - i. If as a result of new exploration discoveries, the existing project near mine measured and indicated reserves increase such that the overall project NPV (discounted at 8% above treasuries) increases by at least US\$100m, then:
 - a. 20% will vest upon the publication of an ASX announcement to that effect; and
 - b. An additional 20% will vest for every additional US\$100m NPV (discounted at 8% above treasuries) increase beyond the initial US\$100m increase, as a result of new exploration discoveries, until 100% have vested; or
 - ii. If a discovery is made and the Board formally approves the development of a project, separate to the existing Sihayo Gold Project, with an NPV of at least US\$300m (discounted at 8% above treasuries) based on Measured and Indicated Resources, then:
 - a. 20% will vest upon the publication of an ASX announcement to that effect; and
 - b. An additional 20% will vest for every additional US\$100m NPV (discounted at 8% above treasuries) calculated for the new project approval above the initial threshold project value of US\$300m, until 100% have vested.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For The Year Ended 30 June 2022

14. PARENT ENTITY DISCLOSURE NOTE

	Parent	
	2022 \$	2021 \$
FINANCIAL POSITION		
Assets		
Current assets	1,327,447	7,637,771
Non-current assets	124,092	124,673
Total assets	1,451,539	7,762,444
Liabilities		
Current liabilities	1,070,875	941,573
Non-current liabilities	-	-
Total liabilities	1,070,875	941,573
Net assets	380,664	6,820,871
Equity		
Issued capital	158,654,770	149,083,183
Reserve	2,477,095	2,648,843
Accumulated losses	(160,751,201)	(144,911,155)
Total equity	380,664	6,820,871
	Parent	
	2022 \$	2021 \$
FINANCIAL PERFORMANCE		
Loss for the year	(15,840,046)	(17,910,848)
Total comprehensive Loss	(15,840,046)	(17,910,848)

The parent entity did not enter into any guarantees in relation to the debts of its subsidiaries for 2021 or 2022. There are no contingencies or commitments other than mentioned within the report.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For The Year Ended 30 June 2022

15. 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

Colin F Moorhead	Executive Chairman
Misha Collins	Independent Non-Executive Director
Gavin Caudle	Non-Executive Director
Daryl Corp	Independent Non-Executive Director (appointed on 1 June 2021)
Roderick Crowther	Chief Financial Officer

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

Compensation for Key Management Personnel

	Consolidated	
	2022	2021
	\$	\$
Short-term employee benefits	659,400	706,834
Non-monetary benefit	57,791	55,108
Post-employment benefits	56,940	57,050
Share based payments	(171,478)	171,478
	602,653	990,470

Disclosures relating to Directors-related entities are set out in the Director's Report and as detailed in Note 18.

16. REMUNERATION OF AUDITORS

	Consolidated	
	2022	2021
	\$	\$
Remuneration for audit or review of the financial reports of the parent entity or any entity in the consolidated entity:		
Stantons International	64,296	64,714
BDO Indonesia (subsidiary auditor)	22,573	21,319
	86,869	86,033

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For The Year Ended 30 June 2022

17. CONTINGENT ASSETS AND LIABILITIES

There are no contingent assets as at 30 June 2022.

Based on decision letter No. 191/37.06/DJB/2020 dated 5 February 2020, the Minister of Energy and Mineral Resources has stipulated the PT Sorikmas Mining mine reclamation guarantee for year 2020-2024 amounts to IDR39,948,496,132. On 3 February 2021, PT Sorikmas Mining placed a restricted deposit for reclamation guarantee amounting of IDR3,994,849,613 with interest rate 3.25% per annum.

PT Sorikmas Mining will be required to provide the balance of mine reclamation guarantee prior to commencement of mining.

As of 30 June 2022, Sorikmas has placed restricted time deposit in relation to reclamation amounting to IDR3,994,849,613 or equivalent to \$391,675 (30 June 2021: \$368,203).

18. RELATED PARTIES

Directors and Director-related entities

Disclosures relating to Directors and specified executives are set out in the Director's Report and as detailed in Note 15.

- (i) Colin Moorhead & Associates, an entity associated with Mr Colin F Moorhead, provide some services to Sihayo Gold Limited with the detail transactions below:
 - Rental office space, administration and office support with total amount of \$64,332.
 - Consultants engaged through Colin Moorhead & Associates for environmental, social and governance consultation with total amount of \$183,109.
- (ii) There is \$551,250 in Directors fees was payable as at 30 June 2022 and in lieu of previous years to Gavin Caudle (30 June 2021: \$506,250).

Wholly-owned Group

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

During the year, the following subsidiaries were deregistered namely:

- (i) Inland Gold Mines Pty Limited;
- (ii) Oropa Technologies Pty Limited, and
- (iii) Oropa Exploration Pty Limited.

On deregistration of the above subsidiaries, on overall the Group made a loss of \$19,560.

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%.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For The Year Ended 30 June 2022

18. RELATED PARTIES

Wholly-owned Group (Continued)

Transactions between Sihayo Gold Limited and related parties in the Wholly-owned Group during the year ended 30 June 2022 consisted of loans on an interest free basis with no fixed term and no specific repayment arrangements. Sihayo Gold Limited recognised provision for doubtful debts of \$20,076,372 due to the movement in loan balance in its accounts for the year ended 30 June 2022 (2021: \$8,142,908) 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	
	2022	2021
	\$	\$
Non-current receivables	144,970,487	124,894,382
Provision for doubtful debts	(144,970,487)	(124,894,382)
	-	-

Other related party transactions during the reporting period include working capital loans which have been provided by the Company's shareholders which were repaid as at the reporting date (Note 11 and Note 21(d)).

19. 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 2022, 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 several operating leases related to rent of building and land at the Company's operating sites in Indonesia as at 30 June 2022. These leases are to support the Company's exploration activities and have a term of less than 12 months.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For The Year Ended 30 June 2022

19. EXPENDITURE COMMITMENTS (Continued)

Capital commitments

There are capital commitments of the Group as at 30 June 2022 with the following details:

- PT Sorikmas Mining entered an agreement with PT Indodrill Indonesia related to drilling services commencing on 19 September 2020. The estimated cost is determined by the schedule of rates in the agreement and the extent of drilling.
- PT Sorikmas Mining entered several agreements with PT Merdeka Mining Servis related to construction services with total estimated project cost of IDR262,653,800,296 within period May 2019 – 2 August 2021. Any further construction activities undertaken by PT Merdeka Mining Servis will be undertaken under new agreements.

Service commitments

The Group entered a service commitment with PT Merdeka Copper Gold, Tbk related to accounting, tax, legal, payments, payroll and information technology services with total fixed cost of IDR290,000,000/month (excluded additional cost if any) within period of January to December 2022.

Other commitments

Parent Entity:

Sihayo Gold Limited

<u>Project</u>	<u>Principal activities</u>	<u>Interest 2022</u>	<u>Interest 2021</u>
<i>Mt Keith</i>	Mineral exploration	2% Royalty	2% Royalty

Controlled Entity:

Excelsior Resources Pty Limited

<u>Project</u>	<u>Principal activities</u>	<u>Interest 2022</u>	<u>Interest 2021</u>
<i>Mulgabbie</i>	Mineral exploration	2% Royalty	2% Royalty

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For The Year Ended 30 June 2022

20. INVESTMENTS IN CONTROLLED ENTITIES

Controlled entities:	Class of shares	Cost of Parent Entity's investment		Equity holding	
		2022 \$	2021 \$	2022 %	2021 %
Inland Goldmines Pty Limited (incorporated in Australia)	Ordinary	-	583,942	-	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	-	100
Oropa Indian Resources Pty Limited (incorporated in Australia)	Ordinary	1	1	100	100
Oropa Exploration Pty Limited (incorporated in Australia)	Ordinary	-	1	-	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
		1,760,438	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 net liabilities of PT Sorikmas Mining of \$92,862,293 being \$23,215,572 as at 30 June 2022 (2021: \$21,595,227). The movement during the year represents the transfer of losses from the Group to non-controlling interest.

(c) During the year, the Company deregistered three subsidiaries namely Oropa Technologies Pty Limited, Oropa Exploration Pty Limited and Inland Goldmines Pty Limited. On deregistration, the Group made an overall loss of \$19,560.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For The Year Ended 30 June 2022

21. NOTES TO THE STATEMENT OF CASH FLOWS

	Consolidated	
	2022	2021
	\$	\$
Cash and cash equivalents	2,441,467	8,333,814

(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. It includes of \$27,419 (2021: \$27,652) held on trust.

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

	Consolidated	
	2022	2021
	\$	\$
Operating loss after income tax	(41,605,819)	(3,316,531)
<u>Non-cash items</u>		
Depreciation	16,704	15,553
Share based payments	(171,478)	171,478
Provision expenditure and exploration	37,872,421	-
Unwinding of the interest in respect of lease liabilities	945	-
<u>Change in operating assets and liabilities:</u>		
Increase in trade and other receivables	(1,097,016)	(770,588)
Increase in environmental provision	191,637	-
Decrease in payables	(669,095)	(1,229,003)
Increase in provisions	82,032	21,988
Net cash outflow from operating activities	(5,379,669)	(5,107,103)

(c) Reconciliation of liabilities arising from financial activities

	2021	Net Cash flows	Non-cash changes			2022
			Converted into shares	Interest expense	Foreign exchange movement	
	\$	\$	\$	\$	\$	\$
Borrowings	-	3,545,718	(3,580,853)	(80,853)	115,988	-
Lease liability	10,673	(4,087)	-	945	931	8,462
Total liabilities from financing activities	10,673	3,541,631	(3,580,853)	(79,908)	116,919	8,462

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For The Year Ended 30 June 2022

21. NOTES TO THE STATEMENT OF CASH FLOWS (continued)

(c) Reconciliation of liabilities arising from financial activities (continued)

	2020 \$	Net Cash flows \$	Non-cash changes			2021 \$
			Converted into shares \$	Interest expense \$	Foreign exchange movement \$	
Borrowings	7,192,584	2,090,592	(10,346,403)	1,261,612	(198,385)	-
Lease liability	14,574	(3,795)	-	1,151	(1,257)	10,673
Total liabilities from financing activities	7,207,158	2,086,797	(10,346,403)	1,262,763	(199,642)	10,673

(d) Non-cash transactions for financing activities

On 27 May 2022 and 03 June 2022, the Company has converted all of the working capital loans together with its accrued interest into 895,213,240 shares issued at @\$0.004 per share and with total amount of \$3,580,853. Therefore, the resulting the cash received from issuance of shares was \$6,085,814 (before capital raising cost of \$95,080).

22. EARNINGS PER SHARE

	Consolidated Entity	
	2022	2021
(a) Basic and diluted loss per share (in cents)	(1.08)	(0.08)
(b) Weighted average number of shares outstanding during the year used in the calculation of basic earnings per share	3,883,253,381	3,317,625,624

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For The Year Ended 30 June 2022

23. 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	
	2022	2021
	\$	\$
Financial assets		
Cash and cash equivalents	2,441,467	8,333,814
Trade, other receivables and deposits	5,396,440	4,041,475
Total financial assets	<u>7,837,907</u>	<u>12,375,289</u>

	Consolidated	
	2022	2021
	\$	\$
Financial liabilities		
Trade and other payables	1,515,467	2,184,562
Lease liability	8,462	10,673
Other liabilities	57,225	57,225
Total financial liabilities	<u>1,581,154</u>	<u>2,252,460</u>

Credit risk

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

	Consolidated	
	2022	2021
	\$	\$
Financial assets		
Cash and cash equivalents	2,441,467	8,333,814
Trade, other receivables and deposits	5,396,440	4,041,475
Total financial assets	<u>7,837,907</u>	<u>12,375,289</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For The Year Ended 30 June 2022

23. FINANCIAL INSTRUMENTS (continued)

Impairment losses

At 30 June 2022 and 2021, no additional impairment was made in relation to VAT receivables. The Company does not have any material credit risk exposure to any single debtor or group of debtors under financial instruments entered by the economic entity.

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	
	2022	2021	2022	2021
	\$	\$	\$	\$
Australian Dollars	391,679	1,161,738	6,365,270	5,423,569

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

	Consolidated	
	2022	2021
Cash and cash equivalents		
SGD	6	6
USD	125,292	375,225
IDR	4,244,717,330	3,641,271,648
Trade, other receivables and deposits		
IDR	59,153,590,492	50,168,303,737
Trade and other payables		
SGD	5,000	5,000
IDR	3,962,398,894	12,524,263,248
Lease liability		
IDR	86,465,140	116,002,125

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For The Year Ended 30 June 2022

23. FINANCIAL INSTRUMENTS (continued)

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.

Impact on post-tax profit and accumulated losses	AUD	Consolidated	
		2022 \$	2021 \$
USD/AUD	+10%	18,187	49,910
USD/AUD	-10%	(18,187)	(49,910)
SGD/AUD	+10%	(521)	(494)
SGD/AUD	-10%	521	494
IDR/AUD	+10%	578,849	376,767
IDR/AUD	-10%	(578,849)	(376,767)

Impact on equity reserve only	AUD	Consolidated	
		2022	2021
USD	+10%	18,187	49,910
USD	-10%	(18,187)	(49,910)
SGD	+10%	(521)	(494)
SGD	-10%	521	494
IDR	+10%	578,849	376,767
IDR	-10%	(578,849)	(376,767)

24. EVENTS OCCURRING AFTER REPORTING DATE

There are no significant events occurring after reporting date.

25. SEGMENT INFORMATION

Primary reporting – geographical segments

The geographical segments of the consolidated entity are as follows:

Revenue by geographical region

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

	2022 \$	2021 \$
Australia	211	211
Africa	-	-
South East Asia	9,648	4,326
India	-	-
Total revenue	9,859	4,537

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For The Year Ended 30 June 2022

25. SEGMENT INFORMATION (continued)

Segment result by geographical region

	2022	2021
	\$	\$
Australia	(1,545,016)	(1,888,793)
Africa	-	(1,423)
South East Asia	(40,070,386)	(1,429,032)
India	(276)	(1,820)
Total expenses	(41,615,678)	(3,321,068)
Segment result	(41,605,819)	(3,316,531)

Assets by geographical region

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

	2022	2021
	\$	\$
Australia	1,451,539	7,762,457
Africa	-	20,870
South East Asia	16,271,762	37,956,947
India	2	2
Total assets	17,723,303	45,740,276

Liabilities by geographical region

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

	2022	2021
	\$	\$
Australia	(1,070,875)	(942,895)
South East Asia	(1,448,617)	(1,974,234)
Total liabilities	(2,519,492)	(2,917,129)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For The Year Ended 30 June 2022

26. Deposits

	2022	2021
	\$	\$
Restricted time deposit:		
Indonesia Rupiah:		
PT Bank Mandiri (Persero) Tbk	391,675	368,203
Security deposits:		
Indonesian Rupiah	54,905	840
Total	446,580	369,043

Based on decision letter No. 191/37.06/DJB/2020 dated 5 February 2020, the Minister of Energy and Mineral Resources has stipulated the Company mine reclamation guarantee for year 2020-2024 amounting to IDR 39,948,496,132. On 3 February 2021, the Company placed a restricted deposit for reclamation guarantee amounting of IDR 3,994,849,613 with interest rate 3.25% per annum.

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 2022 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 2022.

On behalf of the Board



Colin F Moorhead
Executive Chairman

30 September 2022



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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 2022, 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 2022 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 Related to Going Concern

Without modifying our audit opinion expressed above, attention is drawn to the following matter.

As referred to in Note 1(a) to the financial statements, the financial statements have been prepared on a going concern basis. At 30 June 2022, the Group had cash and cash equivalents of \$2,441,467 incurred net cash outflows from operating activities totalling \$5,379,669 and incurred a loss after income tax of \$41,605,819. This casts a material uncertainty related to the going concern.

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 exploration assets. In the event that the Group is not successful in recapitalising the Group and/or raising further equity or successfully exploiting its exploration 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.

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Key Audit Matters

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. This matter was 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 this matter.

Key Audit Matters	How the matter was addressed in the audit
<p><i>Carrying Value of Capitalised Exploration and Evaluation Expenditure</i></p> <p>As at 30 June 2022, Capitalised Exploration and Evaluation Expenditure amounted to \$5,528,100 (refer to Note 6 of the financial report).</p> <p>The carrying value of Capitalised Exploration and Evaluation Expenditure is a key audit matter due to:</p> <ul style="list-style-type: none">▪ The significance of the total balance (31% 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.	<p>Inter alia, our audit procedures included the following:</p> <ol style="list-style-type: none">1. Assessing the Group's right of tenure over exploration assets by corroborating the ownership of the relevant licences for mineral resources to government registries and relevant third-party documentation;2. 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;3. Evaluation of Group documents for consistency with the intentions for continuing exploration and evaluation activities particularly in relation to the Sihayo Gold Pungkut Project and corroborated discussions with management. The documents we evaluated included:<ul style="list-style-type: none">▪ 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 Pungkut Project and compared with the updated DFS announced on the ASX;4. We reviewed the NPV Model and conducted a sensitivity analysis to analyse the effects of changes in key variables on the projects viability and carrying value.5. Consideration of the requirements of accounting standard AASB 6 and reviewed the financial statements to ensure appropriate disclosures are made.

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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 2022, 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.

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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 22 to 27 of the directors' report for the year ended 30 June 2022.

In our opinion, the Remuneration Report of Sihayo Gold Limited for the year ended 30 June 2022 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
(An Authorised Audit Company)

Stantons International Audit & Consulting Pty Ltd

A handwritten signature in blue ink that reads "Martin Michalik".

Martin Michalik
Director

West Perth, Western Australia
30 September 2022

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ADDITIONAL SHAREHOLDER INFORMATION

The following additional information dated 31 August 2022 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	116	27,407	0.00%
1,001-5,000	69	176,363	0.00%
5,001-10,000	37	287,931	0.00%
10,001-100,000	266	13,056,782	0.21%
100,001 and above	416	6,088,579,607	99.78%
Total	904	6,102,128,090	100.00%

(b) There were 570 shareholders holding less than a marketable parcel, with a total of 26,010,521 shares.

(c) The percentage of the total of the twenty largest holders of ordinary shares was 88.157%.

2. TWENTY LARGEST SHAREHOLDERS AND OPTION HOLDERS

Names	No. of shares	%
PROVIDENT MINERALS PTE LTD	1,887,399,938	30.93%
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	676,077,186	11.08%
PT SARATOGA INVESTAMA SEDAYA	655,627,357	10.74%
GOLDSTAR MINING ASIA RESOURCES (L) BHD	390,627,385	6.40%
BNP PARIBAS NOMS PTY LTDUBS NOMINEES PTY LTD	388,282,380	6.36%
EASTERN FIELDS DEVELOPMENTS LIMITED	376,949,794	6.18%
UBS NOMINEES PTY LTD	187,277,379	3.07%
MR GAVIN ARNOLD CAUDLE	166,666,667	2.73%
CITICORP NOMINEES PTY LIMITED	151,282,441	2.48%
MR KENNETH RUDY KAMON	95,400,000	1.56%
LION SELECTION GROUP LIMITED	75,739,523	1.24%
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED - A/C 2	60,761,216	1.00%
MR ANDREW PHILLIP STARKEY <ANDREW PHILLIP STARKEY A/C>	55,500,000	0.91%
GOLDSTAR ASIA MINING RESOURCES (L) BHD	41,030,239	0.67%
MR JON NICOLAI BJARNASON & MRS RINA EGHOJE BJARNASONMR GAVIN ARNOLD CAUDLE	36,900,000	0.60%
RAJESH BALRAJ AHUJA & TULIKA AHUJA JTWROS	36,028,350	0.59%
J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	33,446,816	0.55%
MR CHEE SIEW YAW	31,515,151	0.52%
FATS PTY LTD	29,712,787	0.49%
MR BEN QUENTIN GLEDHILL	28,800,000	0.47%
Total	5,405,024,609	88.57%

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 and Gavin Caudle	2,080,680,589	34.10%
PT Saratoga Investama Sedaya	684,047,735	11.21%
Asian Metals Mining Developments Limited	500,520,811	8.20%
Goldstar Mining Asia Resources (L) Bhd	431,657,624	7.07%
Eastern Field Developments Ltd	376,949,794	6.18%

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 2022

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⁾

NOTES

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