

SIHAYO GOLD LIMITED

ACN 009 241 374

**HALF YEAR FINANCIAL STATEMENTS
31 DECEMBER 2010**

SIHAYO GOLD LIMITED AND CONTROLLED ENTITIES
ACN 009 241 374

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SIHAYO GOLD LIMITED AND CONTROLLED ENTITIES
ACN 009 241 374

DIRECTORS' REPORT
FOR THE HALF YEAR ENDED 31 DECEMBER 2010

Your directors present their report on the consolidated entity consisting of Sihayo Gold Limited ("Sihayo Gold") and the entities it controlled at the end of, or during the half-year ended 31 December 2010.

DIRECTORS

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

Misha Collins
Paul Willis
Peter Bilbe
Gavin Caudle
William John Blake

RESULT

The net operating loss for the half-year ended 31 December 2010 was \$1,894,339 and for the half year ended 31 December 2009 the loss was \$1,704,607.

REVIEW OF OPERATIONS

1.1 INDONESIA

Sihayo Gold Project, Sumatra (75%)

Ongoing resource definition and extension drilling continued throughout the half year ended 31 December 2010.

The resource definition and extension program with up to five diamond drilling rigs has focused on the northern lode adjacent to the main Sihayo resource and on two lodges immediately to the south of the current resource boundary.

These two areas of mineralisation will form the basis for the first incremental increase of the Sihayo JORC compliant resource estimate due at the end of March 2011.

Diamond drilling will continue as a combination of resource definition and exploration drilling along strike from Sihayo resource. The drill program will be a combination of extending existing drill holes to seek preferential lithological boundaries that potentially host gold bearing jasper and new holes to test extensions of known minerals.

The possible northwest and southeast extensions of the Sihayo resource **represent a combined strike length of approximately 4.5km.**

Tables 1 and 2 below summarise significant results for drill holes SHDD 378 to SHDD412 and re-entry of SHDD121, SHDD122 and SHDD114 and drill holes SHDD413 to SHDD457 and re-entry of SHDD354 and SHDD358.

Figure 1 below is a surface plan showing the current Sihayo and Sambung resource outlines, reported significant results outside the current resource boundary and the proposed ongoing drill plan for the March quarter.

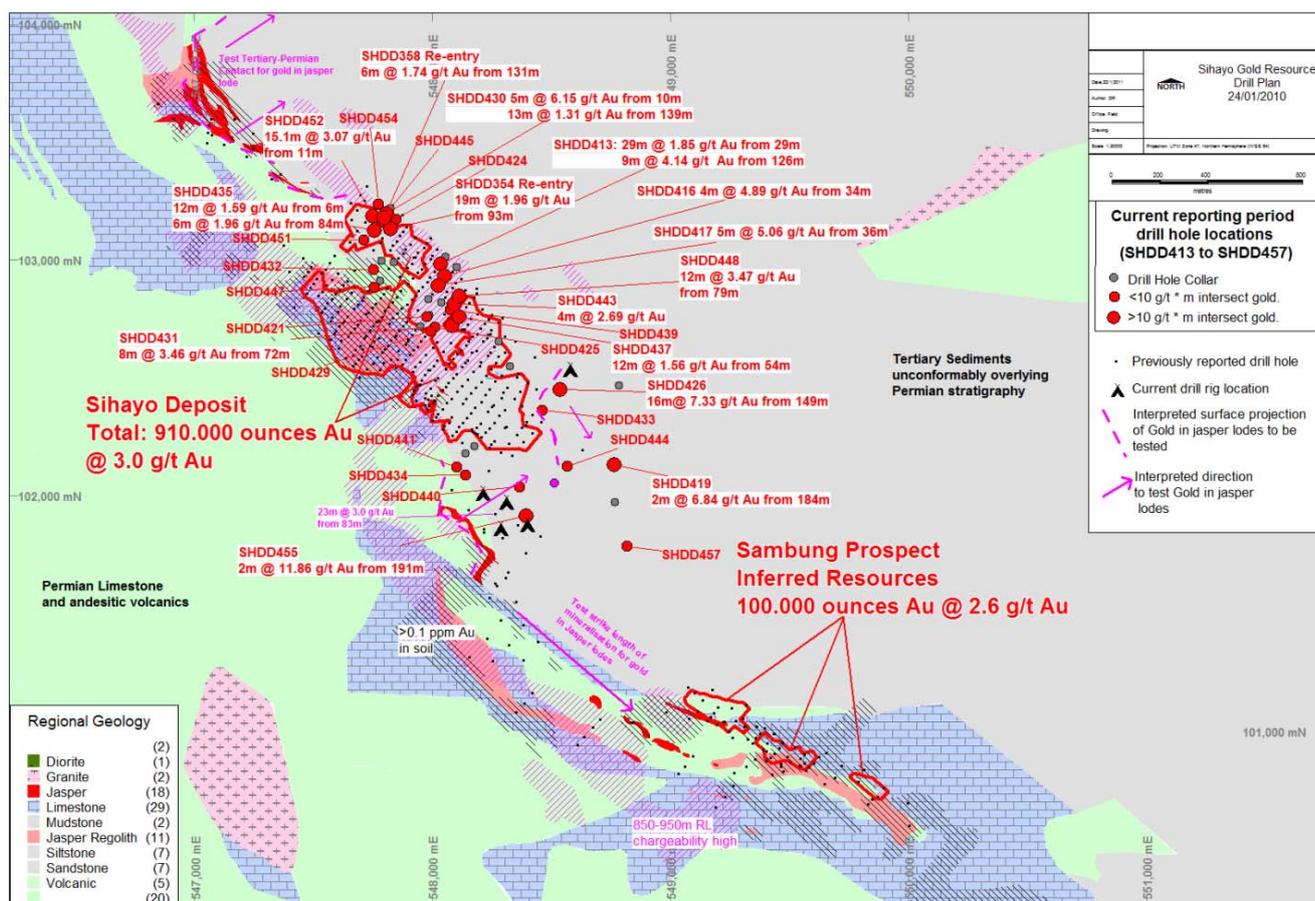
Table 1: Summary of gold intercepts (1 g/t Au and above) in SHDD378 to SHDD412 and re-entry of SHDD121, SHDD122 and SHDD114

HOLE ID	EAST UTM	NORTH UTM	AZI	DIP	FROM	TO	INTERCEPT (M)	Au g/t	INSIDE OR OUTSIDE CURRENT RESOURCE
Re-entry SHDD121	547971	102984	0	-90	82	92	10	3.02	Outside
Re-entry SHDD121	547971	102984	0	-90	96	101	5	4.03	Outside
SHDD378	547587	103172	0	-90	24	28	4	4.81	Outside
SHDD381	548416	102343	0	-90	257	273	16	5.14	Outside
SHDD384	547761	102728	0	-90	14	23	9	2.99	Outside
SHDD384	547761	102728	0	-90	27	34	7	1.68	Outside
SHDD384	547761	102728	0	-90	52	53	1	1.51	Outside
SHDD385	548166	102844	0	-90	117	118	1	1.05	Outside
SHDD388	547886	102649	0	-90	35	37	2	2.93	Outside
SHDD392	548099	102831	0	-90	77	79	2	3.96	Outside
SHDD393	548079	102881	0	-90	43	47	4	2.47	Outside
SHDD394	548007	102952	0	-90	35	42	7	2.80	Outside
SHDD394	548007	102952	0	-90	49	50	1	1.15	Outside
SHDD395	548051	102883	0	-90	45	58	13	3.87	Outside
SHDD396	547990	102928	0	-90	28	42	14	3.26	Outside
SHDD396	547990	102928	0	-90	66	67	1	1.51	Outside
SHDD397	548043	102861	0	-90	36	38	2	1.82	Outside
SHDD397	548043	102861	0	-90	44	46	2	2.64	Outside
SHDD397	548043	102861	0	-90	58	60	2	1.39	Outside
SHDD398	547979	102906	0	-90	4	17	13	5.46	Outside
SHDD399	548039	102914	0	-90	35	42	7	2.97	Outside
SHDD400	547960	102886	0	-90	69	70	1	1.03	Outside
SHDD400	547960	102886	0	-90	72	74	2	1.91	Outside
SHDD402	548004	102878	0	-90	28	36	8	4.30	Outside
SHDD379	547646	103070	0	-90	50	56	6	1.59	Inside
SHDD379	547646	103070	0	-90	59	60	1	1.56	Inside
SHDD383	547710	102764	0	-90	0	8	8	2.89	Inside
SHDD383	547710	102764	0	-90	18	21	3	1.86	Inside
SHDD384	547761	102728	0	-90	2	3	1	3.56	Inside
SHDD384	547761	102728	0	-90	6	10	4	1.66	Inside
SHDD386	548391	102479	0	-90	140	142	2	1.26	Inside
SHDD387	547836	102666	0	-90	0	4	4	1.30	Inside
SHDD387	547836	102666	0	-90	10	12	2	3.28	Inside
SHDD387	547836	102666	0	-90	29	30	1	1.01	Inside
SHDD388	547886	102649	0	-90	0	8	8	3.17	Inside
SHDD388	547886	102649	0	-90	14	16	2	1.12	Inside
SHDD389	547924	102460	0	-90	0	29	29	6.98	Inside
SHDD391	548236	102683	0	-90	9	15	6	4.07	Inside

Table 2: Summary of gold intercepts (1 g/t Au and above) in SHDD413 to SHDD457 and re-entry of SHDD354 and SHDD358.

HOLE ID	EAST UTM	NORTH UTM	RL (m ASL)	AZI	DIP	FROM	TO	INTERCEPT (M)	Au g/t	INSIDE OR OUTSIDE CURRENT RESOURCE
SHDD413	548032	102986	1082	0	-90	90	119	29	1.85	Outside
						126	135	9	4.14	Outside
SHDD416	548052	102934	1089	0	-90	34	38	4	4.89	Outside
SHDD417	548023	102892	1105	0	-90	36	41	5	5.06	Outside
SHDD419	548762	102133	1173	0	-90	169	170	1	4.16	Outside
						184	186	2	6.84	Outside
SHDD421	547977	102762	1144	0	-90	96	97	1	1.54	Outside
SHDD424	547847	103174	1049	0	-90	3	5	2	1.92	Outside
SHDD425	548011	102717	1160	0	-90	75	75.7	0.7	1.53	Outside
						77.8	79	1.2	3.30	Outside
SHDD426	548534	102451	1180	0	-90	149	165	16	7.33	Outside
SHDD428	547784	103162	1067	0	-90	14	19	5	1.76	Outside
SHDD429	547994	102699	1158	0	-90	90	92	2	1.25	Outside
						98	100	2	2.61	Outside
						109.3	111	1.7	1.66	Outside
SHDD430	547808	103198	1055	0	-90	6	7	1	4.09	Inside
						10	15	5	6.15	Outside
						139	152	13	1.31	Outside
SHDD431	548081	102722	1167	0	-90	65	69	4	1.69	Inside
						72	80	8	3.46	Outside
SHDD432	547751	102961	1117	0	-90	23	25	2	1.22	Outside
SHDD433	548460	102364	1194	0	-90	202	205	3	1.83	Outside
SHDD434	548140	102088	1143	0	-90	150	151	1	2.20	Outside
SHDD435	547755	103127	1081	0	-90	6	18	12	1.59	Inside
						84	90	6	1.96	Outside
SHDD437	548112	102761	1151	0	-90	54	66	12	1.56	Outside
SHDD439	548073	102792	1139	0	-90	48	49	1	1.08	Outside
SHDD440	548365	102040	1215			208	210	2	1.07	Outside
						211	212	1	1.06	Outside
SHDD441	548102	102123	1161	0	-90	201	202	1	1.07	Outside
SHDD443	548091	102815	1128	0	-90	33.6	37	3.4	2.72	Outside
						62	66	4	2.69	Outside
SHDD444	548566	102127	1175	0	-90	229	232	3	2.73	Outside
						235	237	2	2.48	Outside
SHDD445	547796	103184	1060	220	-60	5	11	6	1.32	Inside
						18.3	19.3	1	1.01	Outside
SHDD447	547754	102887	1148	0	-90	54	56	2	1.83	Outside
SHDD448	548110	102849	1137	0	-90	79	91	12	3.47	Outside
SHDD451	547713	103087	1090	0	-90	3	6	3	1.18	Outside
						21	26	5	1.49	Inside
						65	66	1	1.29	Outside

Figure 1: Sihayo and Sambung Resource outline and results outside the current resource boundaries



Regional Activities

Detailed mapping and sampling of the Tambang Tinggi prospect continued throughout the half year and drilling recommenced in February 2011.

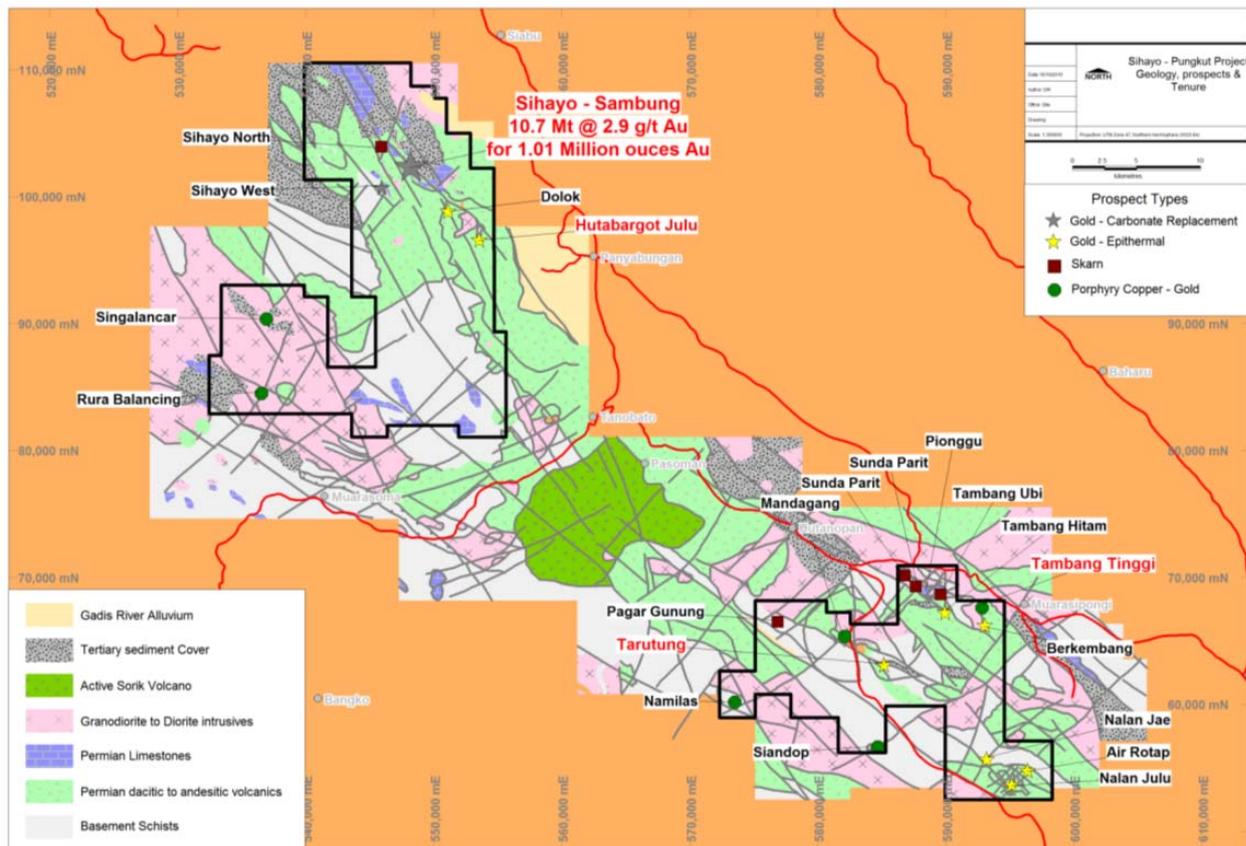
The prospect covers an area of approximately **2.8km east to west** and **1.6km north to south**. Within this area are extremely encouraging gold and copper results in drilling (historic scout program), rocks and soil samples. See Table 3 below for the highest grade rock chip geochemistry results.

An IP survey commenced during the half and is now approximately 50% complete.

Below is a summary of regional prospects, in addition to Tambang Tinggi, where exploration work has commenced:

Refer to Figure 2 below for regional prospect location map.

Figure 2: Regional exploration prospects across the Contract of Work (“COW”) area



Sihayo Pungkut extensions

A detailed soil sample program was completed during the half and grid establishment was completed for an IP survey to aid in drill targeting along strike and at depth from the current Sihayo and Sambung Resources.

Hutabargot Julu

The Hutabargot Julu prospect is an epithermal gold style prospect with multiple sub-parallel veins that have yielded historic drill intercept of **5m @ 37.7 g/t from 47m**. The prospect is located approximately 7km southeast of the main Sihayo resource and exploration commenced in October 2010. This initial work program has been focused on grid re-establishment for soil / IP surveys, geological mapping and rock chip sampling to aid in drill target definition.

Airborne Magnetic Survey

An airborne magnetic survey over the entire COW commenced in January 2011 and is due to finish in March 2011. The airborne survey will have a particular emphasis on **known porphyry copper gold style targets** such as; **Singalancar, Tambang Tinggi, Rura Balancing, Namilas, Siandon and Mandagang**.

Definitive Feasibility Study (“DFS”)

The DFS has progressed well during the December half and remains on schedule for end of March completion.

During the half year the metallurgical test program was completed. The test work has confirmed that a standard CIL plant configuration is the preferred option.

The Process Flow Diagrams, design criteria and equipment selection has been finalised.

The geotechnical programs to assess the ground conditions in the selected sites for the Tails Storage Facility (TSF) and plant site have been completed and the DFS design of both the TSF and plant site have been completed.

The site water balance and hydrology investigation were also completed.

DFS Engineering has been completed with the final costings for the Opex and Capex now being analysed and optimised.

Golder and Associates have completed the environmental baseline study and now completing the full AMDAL study as required by Indonesian regulations.

Indonesian consulting engineers, PT. Indra Karya ("PTIK") in association with engineering firm SMEC (Snowy Mountains Engineering Corporation), continued work on the detailed Feasibility Study into the potential supply of hydro electric power to the Sihayo Pungkut gold project. The feasibility study is due for completion by the end of May.

1.2 MALAWI (URANIUM) **100%**

No exploration activities were carried out during the period.

All exploration licences were renewed during the half year.

1.3 INDIA (DIAMONDS) **9%**

No progress has been made during the period in resolving the legal status of the diamond tenements in India.

The Company remains optimistic that its Indian JV Partner will be successful in gaining access to the tenement and application areas in the future. In the mean time there is no cost to Sihayo in maintaining its current equity.

2. Corporate Activities

The Company finished the December half with a cash balance of A\$4.04 million and no debt.

During the December half, the Company completed a fully underwritten private placement of 76.9million shares at A\$0.14c per share A\$10.8 million.

Mr Graham Petersen joined as Chief Geologist of PT Sorikmas Mining, the 75% owned subsidiary of the Company on the 18th August 2010.

Mr Daniel Nolan was appointed as Chief Financial Officer of the Company and PT Sorikmas Mining on 1st October 2010.

The Company's ASX listed A\$0.20c options were fully exercised at the end of January 2011 and the Company received approximately A\$2.6 million.

AUDITOR'S INDEPENDENCE DECLARATION

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 24.

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



PAUL WILLIS
Director

16th March 2011

Competent Persons Statements

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

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

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

Note

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

SIHAYO GOLD LIMITED AND CONTROLLED ENTITIES
ACN 009 241 374

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE HALF YEAR ENDED 31 DECEMBER 2010

	Note	31.12.2010	31.12.2009
		\$	\$
Other revenue	3	<u>29,949</u>	<u>13,362</u>
Total Revenue		<u>29,949</u>	<u>13,362</u>
Corporate secretarial expenses		(48,659)	(36,676)
Depreciation	3	(10,361)	(6,604)
Directors' fees		(104,950)	(36,867)
Employee benefits expense		(273,998)	(54,951)
Exploration expenditure written off	3,9	(14,655)	(1,107,856)
External consultancy expenses		(183,251)	(143,495)
Finance costs		-	(91,683)
Insurance expenses		(24,097)	(29,226)
Legal costs		(9,006)	(16,723)
Postage		(3,173)	(5,600)
Printing and stationary		(17,401)	(9,308)
Rates and taxes		(6,918)	(4,435)
Rental expense		(33,414)	(27,957)
Share based payments		(869,928)	(38,100)
Travel and entertainment		(93,398)	(5,860)
Other expenses		<u>(231,079)</u>	<u>(102,628)</u>
Loss before income tax		(1,894,339)	(1,704,607)
Income tax expense		<u>-</u>	<u>-</u>
Loss after income tax		<u>(1,894,339)</u>	<u>(1,704,607)</u>
Other comprehensive income			
Movement in foreign currency translation reserve		<u>(756,665)</u>	<u>(343,482)</u>
Total other comprehensive income for the period		<u>(756,665)</u>	<u>(343,482)</u>
Total comprehensive loss attributable to members of Sihayo Gold Limited		<u>(2,651,004)</u>	<u>(2,048,089)</u>
Loss after income tax attributable to :			
Member of Sihayo Gold Limited		(1,907,767)	(1,704,607)
Non Controlling Interest		13,428	-
		<u>(1,894,339)</u>	<u>(1,704,607)</u>
Comprehensive loss after income tax attributable to:			
Member of Sihayo Gold Limited		(2,664,432)	(2,048,089)
Non Controlling Group		13,428	-
		<u>(2,651,004)</u>	<u>(2,048,089)</u>
Basic loss per share (cents per share)		(0.0049)	(0.0047)

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

The accompanying notes form part of these financial statements.

SIHAYO GOLD LIMITED AND CONTROLLED ENTITIES
ACN 009 241 374

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2010

		CONSOLIDATED	
	Note	31.12.2010	30.06.2010
		\$	\$
Current Assets			
Cash and cash equivalents	8	4,041,956	1,358,675
Trade and other receivables		860,418	530,514
Financial assets		16,950	16,950
		4,919,324	1,906,139
Total Current Assets			
Non-Current Assets			
Other assets		55,907	56,787
Plant & equipment		500,160	278,646
Capitalised Exploration	9	6,770,083	-
		7,326,150	335,433
Total Non-Current Assets			
		12,245,474	2,241,572
Total Assets			
Current Liabilities			
Trade and other payables		1,405,545	532,003
Provisions		619,586	699,402
Other liabilities		23,731	23,731
		2,048,862	1,255,136
Total Current Liabilities			
Non-Current Liabilities			
Provisions		3,335	13,274
		3,335	13,274
Total Non-Current Liabilities			
		2,052,197	1,268,410
Total Liabilities			
		10,193,277	973,162
Net Assets			
Equity			
Issued capital	7	58,677,740	47,698,556
Shares to be issued	7,5	35,434	-
Reserves		2,592,752	2,479,488
Accumulated losses		(51,186,728)	(49,292,389)
		10,119,198	885,655
Total parent entity interest		10,119,198	885,655
Non-Controlling interest in controlled entities		74,079	87,507
		10,193,277	973,162
Total Equity			

The accompanying notes form part of these financial statements.

SIHAYO GOLD LIMITED AND CONTROLLED ENTITIES
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CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF YEAR ENDED 31 DECEMBER 2010

CONSOLIDATED

	\$	\$	\$	\$	\$	\$
	Share Capital & shares to be issued	Options Reserve	FX Reserve	Accumulated Losses	Non- Controlling Interest	Total
Balance at 1.7.09	36,816,579	944,704	1,676,518	(40,642,796)	98,451	(1,106,544)
Total loss for the period	-	-	-	(1,704,607)	-	(1,704,607)
<u>Other comprehensive</u>						
<u>income:</u>						
Movement in foreign currency translation reserve	-	-	(343,482)	-	-	(343,482)
Issue of shares & shares to be issued	5,553,711	-	-	-	-	5,553,711
Share issue costs	(71,088)	-	-	-	-	(71,088)
Issue of options	-	38,100	-	-	-	38,100
Balance at 31.12.09	42,299,202	982,804	1,333,036	(42,347,403)	98,451	2,366,090
	\$	\$	\$	\$	\$	\$
	Share Capital & shares to be issued	Options Reserve	FX Reserve	Accumulated Losses	Non- Controlling Interest	Total
Balance at 1.7.10	47,698,556	1,041,408	1,438,080	(49,292,389)	87,507	973,162
Total loss for the period	-	-	-	(1,894,339)	-	(1,894,339)
<u>Other comprehensive</u>						
<u>income:</u>						
Movement in foreign currency translation reserve	-	-	(756,665)	-	-	(756,665)
Movement in Non- Controlling Interest	-	-	-	-	(13,428)	(13,428)
Issue of shares & shares to be issued	11,337,972	-	-	-	-	11,337,972
Share issue costs	(323,354)	-	-	-	-	(323,354)
Issue of options	-	869,929	-	-	-	869,929
Balance at 31.12.10	58,713,174	1,911,337	681,415	(51,186,728)	74,079	10,193,277

The accompanying notes form part of these financial statements.

SIHAYO GOLD LIMITED AND CONTROLLED ENTITIES
ACN 009 241 374

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE HALF YEAR ENDED 31 DECEMBER 2010

	Note	CONSOLIDATED	
		31.12.2010	31.12.2009
		\$	\$
Cash flows from operating activities			
Payments to suppliers and employees		(1,052,157)	(632,952)
Interest received		16,521	13,362
Interest paid		-	(36,652)
		<hr/>	<hr/>
Net cash (used in) operating activities		(1,035,636)	(656,242)
		<hr/>	<hr/>
Cash flows from investing activities			
Purchase of plant & equipment		(335,339)	(37,432)
Mining exploration and evaluation expenditure		(6,798,006)	(1,443,283)
Payments for investments		-	(14,659)
		<hr/>	<hr/>
Net cash (used in) investing activities		(7,133,345)	(1,495,374)
		<hr/>	<hr/>
Cash flows from financing activities			
Proceeds from share issue		11,337,972	3,991,717
Share issue costs		(323,354)	(56,726)
Proceeds from borrowing		-	6,970
Refunded/(Payment) of security deposits		(1,214)	24,759
		<hr/>	<hr/>
Net cash provided by financing activities		11,013,404	3,966,720
		<hr/>	<hr/>
Net increase /(decrease) in cash and cash equivalents held		2,844,423	1,815,104
Cash and cash equivalents at the beginning of the reporting period		1,358,675	917,881
Effects of exchange rate changes on cash and cash equivalents		(161,142)	4,963
		<hr/>	<hr/>
Cash and cash equivalents at the end of the reporting period	8	4,041,956	2,737,948
		<hr/>	<hr/>

The accompanying notes form part of these financial statements.

SIHAYO GOLD LIMITED AND CONTROLLED ENTITIES
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CONDENSED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2010

1. CORPORATE INFORMATION

Sihayo Gold Limited (the Company) is a company limited by shares incorporated in Australia whose shares are publicly traded on the Australian Securities Exchange. The consolidated half year financial statements of the Company as at and for the six months ended 31 December 2010 comprises the Company and its subsidiaries, together referred to as the "Group".

The consolidated annual financial statements of the Group as at and for the year ended 30 June 2010 is available upon request from the Company's registered office at 25 Charles Street, South Perth, Western Australia or at www.sihayogold.com.

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES

(a) Basis of preparation

The general purpose financial statements for the half-year ended 31 December 2010 has been prepared in accordance with the requirements of the *Corporations Act* and AASB 134 *Interim Financial Reporting*.

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

It is recommended that the half year financial statements be read in conjunction with the Annual Financial Statements of Sihayo Gold Limited as at 30 June 2010 and considered together with any public announcements made by Sihayo Gold Limited and its controlled entities during the half year ended 31 December 2010 in accordance with its continuous disclosure obligations of the *ASX Listing Rules*.

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

(b) Significant accounting policies

The accounting policies and methods of computation adopted in the preparation of the half yearly report are consistent with those adopted and disclosed in the Company's 2010 Annual Financial Report for the financial year ended 30 June 2010, except for the impact of the Standards and Interpretations described below. These accounting policies are consistent with the Australian Accounting Standards and with International Financial Reporting Standards.

(c) Changes in accounting policies

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

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

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

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

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

**SIHAYO GOLD LIMITED AND CONTROLLED ENTITIES
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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2010**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(d) Going Concern

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

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

The Directors are confident that the Company will be successful in raising further capital and, accordingly, have prepared the financial statements on a going concern basis. At this time, the directors are of the opinion that no asset is likely to be realised for an amount less than the amount at which it is recorded in the financial report at 31 December 2010. Accordingly, no adjustments have been made to the financial report relating to the recoverability and classification of the asset carrying amount or the amount and classification of liabilities that might be necessary, should the Company not continue as a going concern.

(e) Basis of consolidation

The half year condensed consolidated financial statements comprise the financial statements of Sihayo Gold Limited and its subsidiaries as at 31 December 2010.

	Note	CONSOLIDATED	
		31.12.2010	31.12.2009
		\$	\$
3. OPERATING LOSS			
Operating loss from ordinary activities before income tax has been determined after:			
(a) Crediting as revenue:			
Interest received and other income:		29,949	13,362
(b) Charging as expense:			
Depreciation		10,361	6,604
Exploration expenditure written off		14,655	1,107,856
Share based payments		869,928	38,100

4. SEGMENT INFORMATION

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

Primary Reporting – geographical segments

The geographical segments of the consolidated entity are as follows:

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2010

4. SEGMENT INFORMATION (CONTINUED)

Revenue by geographical region

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

	31.12.2010	31.12.2009
	\$	\$
Australia	29,949	13,632
Africa	-	-
South East Asia	-	-
India	-	-
Other foreign countries	-	-
Total revenue	<u>29,949</u>	<u>13,632</u>

Segment Result by geographical region

	31.12.2010	31.12.2009
	\$	\$
Australia	(1,877,052)	(590,811)
Africa	(15,068)	(49,185)
South East Asia	-	(1,059,936)
India	(2,219)	(4,675)
Segment Result	<u>(1,894,339)</u>	<u>(1,704,607)</u>

Assets by geographical region

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

	31.12.2010	30.06.2010
	\$	\$
Australia	3,772,101	1,388,660
Africa	8,147	7,448
South East Asia	8,465,224	845,142
India	2	322
Total Assets	<u>12,245,474</u>	<u>2,241,572</u>

Liabilities by geographical region

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

	31.12.2010	30.06.2010
	\$	\$
Australia	160,311	189,284
Africa	-	-
South East Asia	1,891,886	1,079,126
India	-	-
Total Liabilities	<u>2,052,197</u>	<u>1,268,410</u>

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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5. SUBSEQUENT EVENTS

On 8th February 2011 the Group raised additional capital of \$2,656,075 from the exercise of the 13,280,376 \$0.20 listed options expiring 31 January 2011. \$35,434 was received into the accounts prior to 31 December 2010 and is shown in note 7 under 'shares to be issued'.

On 24th January 2011 2,000,000 unlisted options exercisable at 25 cents at any time on or before 31 December 2012 were issued to Darin Rowley, Senior Geologist of PT Sorikmas Mining.

On 24th January 2011 1,000,000 unlisted options exercisable at 25 cents at any time on or before 31 December 2012 were issued to Daniel Nolan, Chief Financial Officer of PT Sorikmas Mining.

6. CONTINGENCIES & COMMITMENTS

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

7. ISSUED CAPITAL

	31.12.2010	30.06.2010
	\$	\$
Ordinary shares		
Issued & fully paid	58,677,740	47,698,556
Shares to be issued	35,434	-
	58,713,174	47,698,556

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

	31.12.2010	30.06.2010
	No. of shares	\$
	513,067,80	
1 July 2010 Opening balance	8	47,698,556
6 August 2010 Share Placement	15,380,000	2,153,200
9 August 2010 Exercise of Options	1,000,000	50,000
15 September 2010 Share Placement	23,070,000	3,229,800
17 September 2010 Exercise of Options	4,500,000	225,000
15 October 2010 Exercise of Options	240,385	12,019
26 October 2010 Share Placement	38,450,000	5,383,000
1 November 2010 Exercise of Options	4,990,385	249,519
31 December 2010 Shares to be issued	-	35,434
	600,698,57	
	8	59,036,528
31 December 2010 Share issue costs	-	(323,354)
	600,698,57	
Balance as at 31 December 2010	8	58,713,174

**SIHAYO GOLD LIMITED AND CONTROLLED ENTITIES
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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2010**

7. ISSUED CAPITAL (CONTINUED)

Options

As at 31 December 2010, the Company had the following listed options:

- 13,280,376 options to subscribe for fully paid ordinary shares exercisable at 20 cents at any time on or before the expiry date of 31 January 2011.

The above options are quoted on the Australian Securities Exchange Limited ("ASX").

The following options are unlisted:

- 8,500,000 options to subscribe for fully paid ordinary shares exercisable at 15 cents at any time on or before the expiry date of 31 May 2013.
- 7,628,346 options to subscribe for fully paid ordinary shares exercisable at 5 cents at any time on or before the expiry date of 31 August 2011.
- 3,750,000 unlisted options exercisable at 5 cents at any time on or before the expiry date of 26 August 2011.
- 2,000,000 unlisted options exercisable at 7.5 cents on or before the expiry date of 30 June 2012.
- 2,000,000 unlisted options exercisable at 10 cents on or before the expiry date of 30 June 2013.

The following options were granted during the period

- 2,000,000 unlisted options exercisable at 10 cents on or before the expiry date of 30 June 2012.
- 2,000,000 unlisted options exercisable at 12.5 cents on or before the expiry date of 30 June 2013.
- 3,000,000 unlisted options exercisable at 10 cents on or before the expiry date of 31 May 2012.
- 1,500,000 unlisted options exercisable at 13.5 cents on or before the expiry date of 31 July 2012.
- 1,500,000 unlisted options exercisable at 15 cents on or before the expiry date of 31 July 2013.

The following options were exercised during the period

- On 9 August 2010 1,000,000 unlisted options were exercised at 5 cents.
- On 17 September 2010 4,500,000 unlisted options were exercised at 5 cents.
- On 15 October 2010 240,385 unlisted options were exercised at 5 cents.
- On 1 November 2010 4,990,385 unlisted options were exercised at 5 cents.

	31.12.2010	30.06.2010
	\$	\$
8. RECONCILIATION OF CASH		
Cash and cash equivalents	4,041,956	1,358,675
	<hr/>	<hr/>

SIHAYO GOLD LIMITED AND CONTROLLED ENTITIES
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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2010

9. EXPLORATION

	31.12.2010	30.06.2010
	\$	\$
Exploration and evaluation costs carried forward in respect of areas of interest (net amounts written off) (a)	6,770,083	-
Reconciliation	-	-
Carrying amount at beginning of period	6,784,738	7,505,976
Expenditure during the period – exploration	(14,655)	(7,505,976)
Expenditure written off	-	-
Carrying amount at end of period	6,770,083	-

(a) The ultimate recoupment of exploration and evaluation expenditure is dependent upon successful development and commercial exploration, or alternatively, sale of respective areas. During the six months ended 31 December 2010 the consolidated entity wrote off expenditure totalling \$14,655 (six months ended 31 December 2009: \$1,107,856).

10. RELATED PARTIES

Group

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

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

Transactions between Sihayo Gold Limited and related parties in the Group during the period ended 31 December 2010 consist of loans on an interest free basis with no fixed term and no specific repayment arrangement. Sihayo Gold Limited made an additional provision for doubtful debts of \$4,270,311 in its accounts for the period ended 31 December 2010 in relation to the loans made to its subsidiaries. No other amounts were included in the determination of operating loss before tax of the parent entity that resulted from transactions with related parties in the Group.

Other related parties

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

	31.12.2010	30.06.2010
	\$	\$
Non current receivables	26,092,022	21,821,711
Provision for Doubtful Debts	(26,092,022)	(21,281,711)
	-	-

SIHAYO GOLD LIMITED AND CONTROLLED ENTITIES
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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2010

11.SHARE BASED PAYMENTS

As per the approval at the General Meeting on 14th July 2010 the following options were issued to Directors:

2,000,000 unlisted options exercisable at 10 cents on or before the expiry date of 30 June 2012 and 2,000,000 unlisted options exercisable at 12.5 cents on or before the expiry date of 30 June 2013 were granted the Paul Willis CEO;

1,500,000 unlisted options exercisable at 10 cents on or before the expiry date of 31 May 2012 were granted to Peter Bilbe; and

1,500,000 unlisted options exercisable at 10 cents on or before the expiry date of 31 May 2012 were granted to William (John) Blake.

On 29 July 2010 Graham Peterson was awarded 1,500,000 unlisted options exercisable at 13.5 cents on or before the expiry date of 31 July 2012 and 1,500,000 unlisted options exercisable at 15 cents on or before the expiry date of 31 July 2013 as part of his remuneration package.

The fair value of \$869,928 was taken up in the accounts in the period to 31 December 2010 for the above share based payments.

The fair value of the cash-settled options is measured at the grant date using the Black-Scholes options pricing model taking into account the terms and conditions upon which instruments were granted. The services received and a liability to pay for those services are recognised over the expected vesting period. Until the liability is settled, it is remeasured at each reporting date with changes in fair value recognised in profit or loss.

**SIHAYO GOLD LIMITED AND CONTROLLED ENTITIES
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DIRECTORS' DECLARATION

The directors declare that

1. The consolidated financial statements and notes set out on pages 10-20;
 - (a) comply with Accounting Standard AASB 134: – Interim Financial Reporting, the Corporations Regulations; and
 - (b) give a true and fair view of the consolidated entity's financial position as at 31 December 2010 and of its performance for the half-year ended on that date.
2. In the directors' opinion there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

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

Dated at Perth this 16th day of March 2011



PAUL WILLIS
Director

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

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Sihayo Gold Limited, which comprises the condensed statement of financial position as at 31 December 2010, the condensed statement of comprehensive income, condensed statement of changes in equity, and condensed statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration for Sihayo Gold Limited (the consolidated entity). The consolidated entity comprises both Sihayo Gold Limited (the company) and the entities it controlled during the half year.

Directors' Responsibility for the Half-Year Financial Report

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

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2010 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Sihayo Gold Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

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

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

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, has been provided to the directors of Sihayo Gold Limited on 16 March 2011.

Conclusion

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

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2010 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standards AASB 134 Interim Financial Reporting and Corporations Regulations 2001.

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

Stantons International Audit and Consulting Pty Ltd



Martin Michalik
Director

West Perth, Western Australia
16 March 2011

16 March 2011

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

Dear Sirs

RE: SIHAYO GOLD LIMITED

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

As Audit Director for the review of the financial statements of Sihayo Gold Limited for the half year ended 31 December 2010 I declare that to the best of my knowledge and belief, there have been no contraventions of:

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

Yours sincerely

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



Martin Michalik
Director