

ASX ANNOUNCEMENT 7 SEPTEMBER 2010

ONGOING DRILLING DEFINES FURTHER ZONES OF SIGNIFICANT GOLD MINERALISATION

HIGHLIGHTS

The Board of **Sihayo Gold Limited (ASX:SIH)** is pleased to announce that resource definition drilling at the Sihayo Pungkut Gold project has **intersected further zones of significant gold mineralisation** at the main Sihayo resource area that are not included in the JORC compliant resource of **9.6 Mt @ 3.0 g/t Au for 910,000 oz** (released on 14th July 2010).

Significant intercepts outside the limits of the currently calculated resource are:

SHDD121 (Re-entry)	10m @ 3.02 g/t Au from 82m and 5m @ 4.03 g/t Au from 96m
SHDD378	4m @ 4.81 g/t Au from 24m
SHDD381	16m @ 5.14 g/t Au from 257m
SHDD384	9m @ 2.99 g/t Au from 14m and 7m @ 1.68 g/t Au from 27m
SHDD394	7m @ 2.80 g/t Au from 35m
SHDD395	13m @ 3.87 g/t Au from 45m
SHDD396	14m @ 3.26 g/t Au from 28m
SHDD398	13m @ 5.46 g/t Au from 4m
SHDD399	7m @ 2.97 g/t Au from 35m
SHDD402	8m @ 4.30 g/t Au from 28m

Significant intercepts that increase confidence within the current resource are:

SHDD383	8m @ 2.89 g/t Au from 0m
SHDD388	8m @ 3.17 g/t Au from 8m
SHDD389	29m @ 6.98 g/t Au from 0m
SHDD391	6m @ 4.07 g/t Au from 9m

“The continuation of very good drilling results gives us confidence to expect that the overall Sihayo Pungkut gold resource will grow significantly from the current **10.7 Mt @ 2.9 g/t Au for 1.01 million oz**, as we continue to drill both to the northwest and southeast of the main Sihayo resource”, said Paul Willis, Chief Executive Officer, Sihayo Gold Limited.

EXPLORATION PLAN ADJACENT TO SIHAYO RESOURCE

The resource extension programme is continuing with three diamond drill rigs drilling out the northern lode. On completion of northern lode drilling, dependent upon final assay results for all holes, it is expected this zone of mineralisation will form the basis for the first incremental increase of the Sihayo JORC compliant resource estimate.

A fourth diamond rig will be commencing in mid-September. Ongoing drilling is planned to be a combination of resource definition and testing the continuity of gold mineralisation to the northwest and southeast of the Sihayo resource, **which represents a combined strike length of approximately 4.5km.**

Table 1 summarises significant results for drill holes SHDD378 to SHDD402. Figure 1 is a surface plan summarising reported significant results and the ongoing drill plan.

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

1. Tertiary-Permian unconformity,
2. Contacts between volcanic lavas and enclosing calcareous sediments, and
3. Contacts between marble and silty limestone.

A **fourth setting** of economic mineralisation (post surface weathering of primary lodes) is oxidised zones of surface regolith gold mineralisation occurring in modern karst environments.

The Sihayo and Sambung Resources, depicted in figure 1, are separated by about 1.25 km of potentially mineralised strike. Stratigraphy 0.75km to 1 km northwest of the Sihayo resource also yields gold mineralisation as defined by historic exploration. The combined strike length of this favourable stratigraphy is approximately 4.5 km. Key work to date that confirms the potential of extending the Sihayo and Sambung Resources is:

- Drilling results with >10 gram * metres gold intersections,
- Mapping and sampling of jasper outcrops,
- A >0.1ppm semi continuous soil anomaly, and
- A chargeability anomaly at the 850-950m RL

Diamond drilling is currently focussed on the Sihayo deposit's northern jasper lode. On completion of the northern lode drilling, diamond drilling will continue as a combination of resource definition and exploration drilling along strike from the 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 mineralisation (refer to figure 1).

Thus the forward exploration drilling programme is designed to target favourable known horizons along strike from the Sihayo resource in an attempt to delineate a single large-scale global resource.

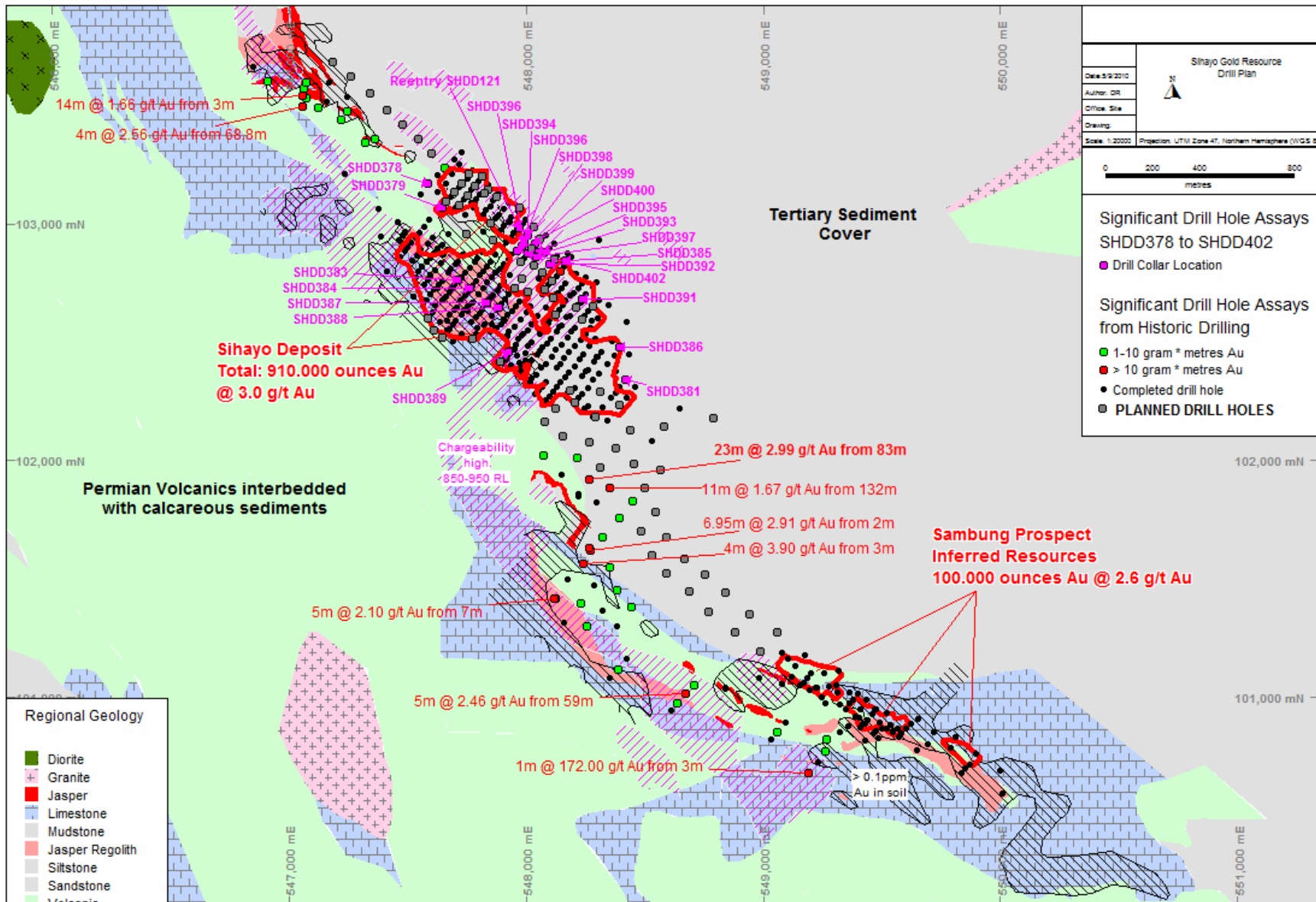


Figure 1: Sihayo Gold Resource Surface Plan

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 1: Summary of Gold intercepts in SHDD378 to SHDD402 & Re-entry of SHDD121

Notes

1. All assays determined by 50gm fire assay with AAS finish by Intertek- Caleb Brett Laboratories of Jakarta
2. Lower cut of 1.0ppm Au used
3. A maximum of 2m of consecutive internal waste (material less than 1.0ppm Au) per reported intersection
4. All interval grades were calculated as a weighted average
5. All intervals reported as down hole lengths
6. Sampling regime as quarter core for PQ and half core for NQ and HQ diameter core
7. Quality Assurance and Quality Control (QAQC): Standard or duplicate or blank inserted every 10 samples.
8. Coordinates in UTM grid system (WGS84 z47N)

Yours faithfully,
SIHAYO GOLD LIMITED



Paul Willis
Chief Executive Officer
7th September 2010

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.