



ASX ANNOUNCEMENT

29 DECEMBER 2010

SIHAYO PUNGKUT GOLD PROJECT UPDATE

The Board of **Sihayo Gold Limited (ASX:SIH)** is pleased to provide the following update on progress at the Company's 75% owned Sihayo Pungkut gold project located in North Sumatra, Indonesia.

Definitive Feasibility Study

Detailed work on all aspects of the Definitive Feasibility Study ("DFS") is nearing completion and will be available by the end of the first quarter 2011. The content of the DFS is progressing satisfactorily however the delivery date is delayed due to the overall volume of work being completed across the mining industry in general and the resultant pressures on key industry consultants.

We have been working closely with our consultants to minimise the delay, but at the same time it is the quality of the work being completed which is our highest priority.

Resource Definition and Exploration Drilling

Currently there are five (5) diamond drilling rigs on site. Drilling is focussed adjacent to the South East boundary of the currently defined Sihayo JORC Resource (**9.6 Mt @ 3.0 g/t Au for 910,000 oz**) as shown in Figure 1.

We have identified two potential new lodes of mineralisation in this area. Ongoing drilling shall determine whether these lodes can be added to the overall JORC Resource estimate.

If the new lodes were to meet the JORC requirements then it would require the current proposed pit design, as per the DFS, to be re-worked and extended. We are taking this possibility into account as we finalise all the DFS work.

Updated drilling results will be released in January and February 2011.

Regional Exploration

Our level of pre-drilling exploration work continues to increase across the Contract of Work ("COW") area.



The Tambang Tinggi, porphyry copper – gold prospect, is the primary focus at present.

The previously announced Induced Polarisation (“IP”) survey over the prospect is now approximately 50% complete.

The proposed new drilling program is being finalised and we expect to commence drilling in early February 2011.

The drilling program shall initially follow up the previous scout program that yielded a best intercept of **112.6 m @ 1.52 g/t Au from surface, including 25m @ 4.58 g/t Au from 31m**. Our current work program has confirmed that mineralisation is open along strike and at depth.

In addition, a further three near surface gold targets have been identified in close proximity to the Tambang Tinggi prospect and these targets will also be part of the drilling program going forward.

Our second key regional target is the Hutabargot Julu, epithermal vein prospect.

We have now identified ten (10) north-south trending veins across this prospect with a best historic drill intercept of **5m @ 37.7 g/t from 47m** providing significant encouragement.

We are aiming to re-commence drilling at Hutabargot Julu towards the end of the first quarter 2011.

Figure 2 shows the location of the Tambang Tinggi and Hutabargot Julu prospects in relation to the Sihayo – Sambung JORC Resource (**10.7 Mt @ 2.9 g/t Au for 1.01 Million ounces**).

Airborne Magnetic and Radiometric Survey

The airborne magnetic and radiometric survey over the entire COW area is scheduled to commence on the 8th January 2011. The airborne survey will have a particular emphasis on **known porphyry copper gold style targets** such as; **Singalancar, Rura Balancing, Namilas, Tambang Tinggi, Siandon and Mandagang**.

Conclusion

“The modest delay in the completion and subsequent release of our DFS results is frustrating, but the possible upside to our overall resource from the area immediately to the south is highly encouraging. In addition, we are confident that our regional exploration programs will deliver some encouraging results. We look forward to updating the market during the first quarter of 2011 on the progress and results achieved.

Finally, I wish all our shareholders and project stakeholders a happy and safe Festive Season and New Year”, said Peter Bilbe, Chairman of the Company.



Yours faithfully,

SIHAYO GOLD LIMITED

A handwritten signature in blue ink, appearing to read "Paul Willis", with a horizontal line underneath the name.

Paul Willis
Chief Executive Officer

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 Darin Rowley (BSc.Geol, Hons 1st class) who is a full time employee of Sihayo Gold's 75% owned subsidiary PT Sorikmas Mining, and is a Member of the AusIMM. Mr Rowley 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 Rowley 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.

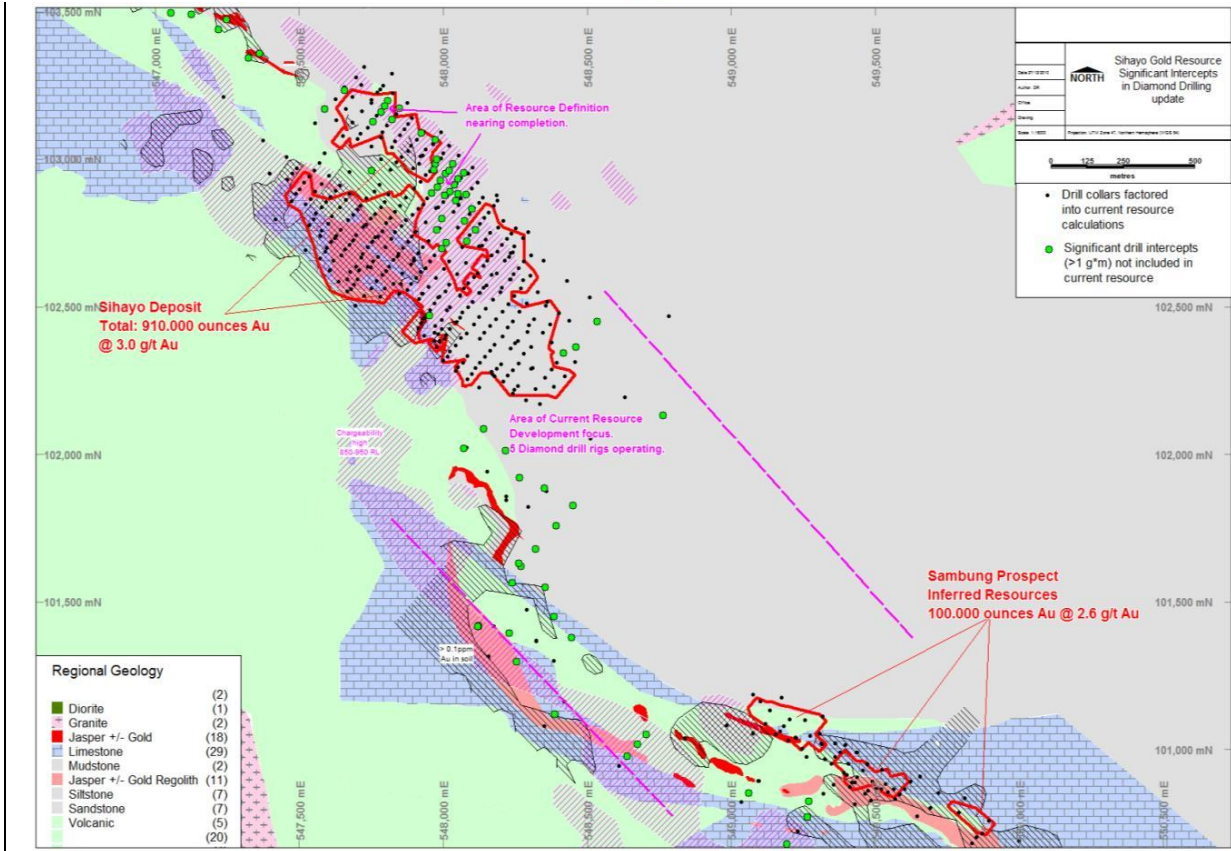


Figure 1: Sihayo Gold Limited JORC Resource and location of current drilling activity

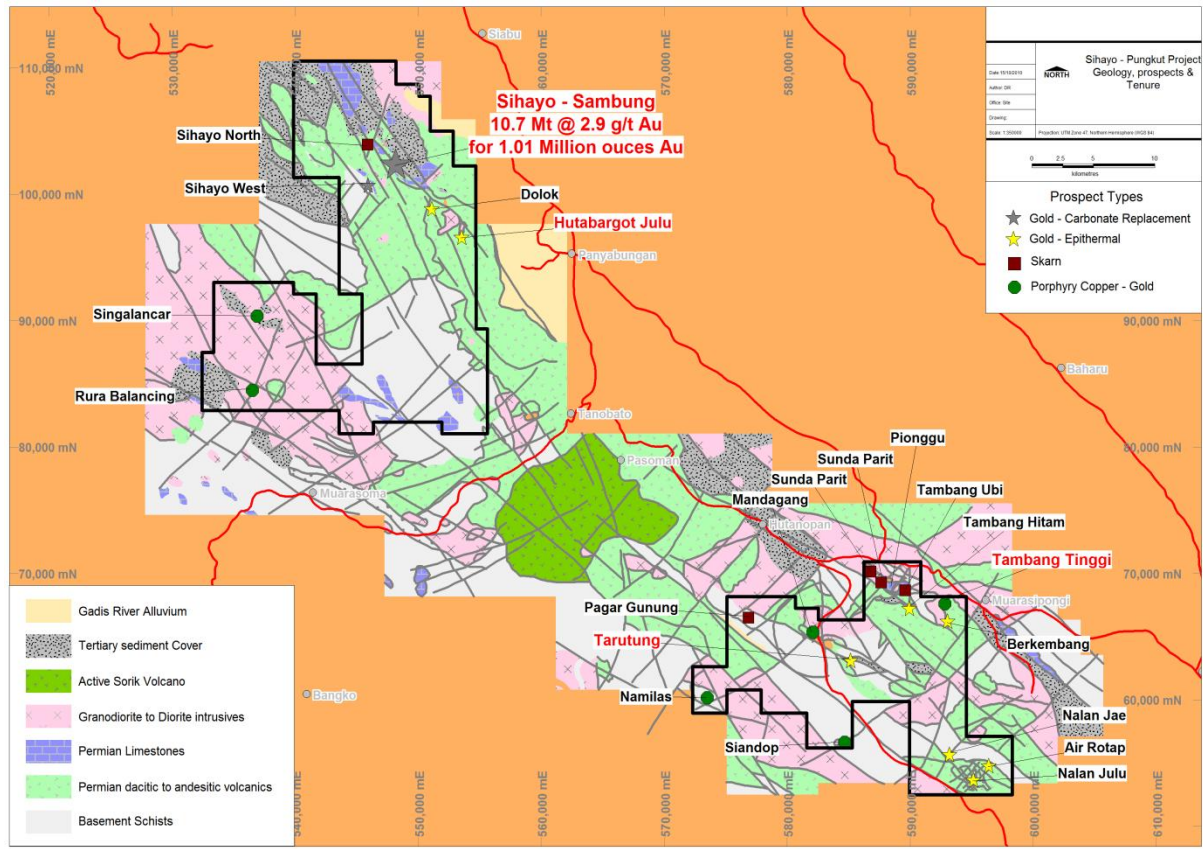


Figure 2: Sihayo Pungkut Gold Project - Prospect locations across the Contract of Work area