

**ASX ANNOUNCEMENT
15 OCTOBER 2010**

**FURTHER ZONES OF GOLD MINERALISATION DEFINED
ADJACENT TO THE SIHAYO RESOURCE**

HIGHLIGHTS

The Board of **Sihayo Gold Limited (ASX:SIH)** is pleased to announce that ongoing drilling at the Sihayo Pungkut gold project has **intersected further significant gold mineralisation** adjacent to the main Sihayo resource.

“Our results continue to be very encouraging and fully support the confidence we have that the overall Sihayo Pungkut gold resource is likely to 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. Drilling activity was limited in the month of September due to the religious holiday period in Indonesia, however our 4 diamond rigs are now back operating at normal levels”, said Paul Willis, Chief Executive Officer, Sihayo Gold Limited.

Significant intercepts adjacent to the main Sihayo resource included:

SHDD407	3m @ 4.96 g/t Au from 40m and 2m @ 4.45 g/t Au from 104m and 10m @ 2.28 g/t Au from 109m and 4m @ 1.52 g/t Au from 122m
SHDD408	9m @ 1.80 g/t Au from 27m
SHDD409	9m @ 1.19 g/t Au from 33m
SHDD122 (Re-entry)	8m @ 2.11 g/t Au from 112m and 12m @ 3.60 g/t Au from 137m

Extension of existing holes has confirmed mineralisation:

The three re-entry holes completed so far: SHDD121 (released on 7/09/2010), SHDD122 and SHDD114 have all successfully intersected mineralisation at the lithological boundary. These results confirm the geological modelling that identified multiple hard rock primary settings hosting gold bearing economic jasper lodes. There are a total of 29 re-entry holes designated that have potential to further define mineralisation.

EXPLORATION PLAN ADJACENT TO SIHAYO RESOURCE

The resource extension program is continuing with four diamond drill rigs drilling out the northern lode. On completion of northern lode drilling, dependent upon final assay results for all holes, an updated Sihayo JORC compliant resource estimate will be calculated.

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 SHDD403 to SHDD412 and re-entry holes SHDD122 and SHDD114. Figure 1 is a surface plan summarising reported significant results and the ongoing drill plan.

Yours faithfully,
SIHAYO GOLD LIMITED



Paul Willis
Chief Executive Officer
15 October 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, 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.

HOLE ID	EAST UTM	NORTH UTM	RL m ASL	AZI	DIP	FROM	TO	INTERCEPT (M)	Au g/t	INSIDE OR OUTSIDE CURRENT RESOURCE
SHDD403	547995	102799	1111	0	-90	75	76	1	1.07	Outside
SHDD407	547977	102999	1086	0	-90	40	43	3	4.96	Outside
						104	106	2	4.45	
						109	119	10	2.28	
						122	126	4	1.52	
SHDD408	548071	102955	1077	0	-90	27	36	9	1.80	Outside
						41	44	3	1.69	
						50	51	1	1.19	
						97	98	1	1.30	
SHDD409	548020	102963	1086	0	-90	33	42	9	1.19	Outside
						71	73	2	1.28	
						83	86	3	1.36	
						104	108	4	1.82	
SHDD122 -Reenter	547966	102965	1085	0	-90	107	109	2	1.48	Outside
						112	120	8	2.11	
						137	149	12	3.60	
SHDD412	547972	103066	1062	0	-90	147	149	2	1.17	Inside
SHDD114 -Reenter	547924	103089	1064	0	-90	136	138	2	1.65	Inside

Table 1: Significant drill intercepts above 1 g/t Au for holes SHDD403 to SHDD412 and including re-entry of holes SHDD122 and SHDD114.

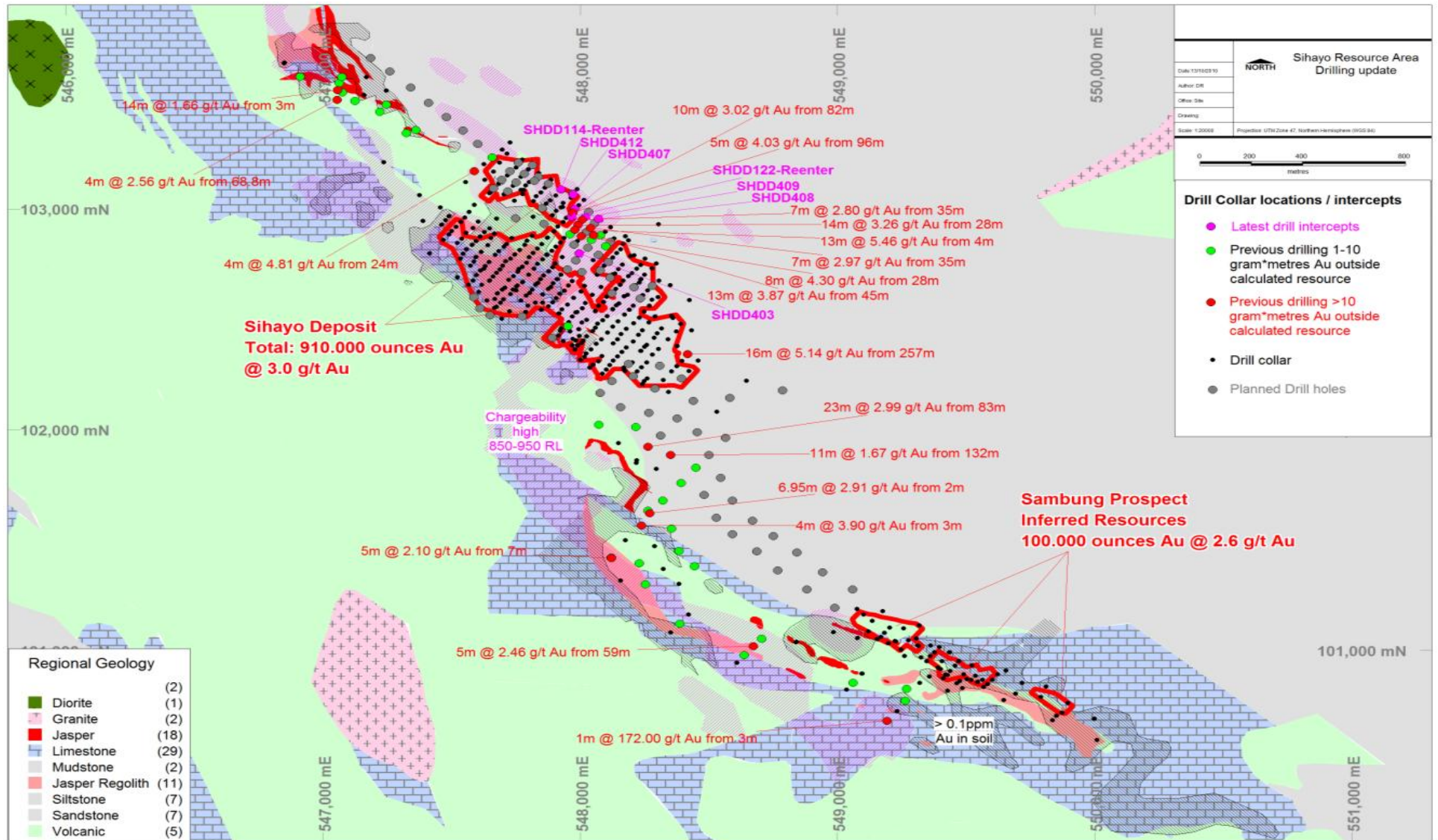


Figure 1: Sihayo Resource area drill plan showing significant new intersection locations and intersections not included in current resource

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