



ASX ANNOUNCEMENT

7 JUNE 2011

UPDATE ON TEMPORARY DISRUPTIONS AT SIHAYO'S OPERATIONS IN INDONESIA

The Board of **Sihayo Gold Limited (ASX: SIH)** is providing an update on recent events at its 75% owned Sihayo Pungkut Gold Project in North Sumatra, Indonesia.

As previously reported, on Sunday 29th May, a group of demonstrators, believed to be supported by the representatives of illegal artisanal miners from the region, arrived and caused significant damage to Sihayo's exploration camp.

Police reports received by the Company, confirm that a significant number of demonstrators have already been arrested and detained over the damage to the exploration camp. The full investigation is ongoing and may well result in further people being interviewed by police.

Local police, with strong support from regional police, have fully secured the exploration camp. In conjunction with company employees a full account of the damage is being completed and preparation for the re-building of the new exploration camp is well advanced.

The swift action of the police has sent a very clear message to the broader community and specifically those associated with the illegal artisanal miners, that unlawful actions will not be tolerated and those people responsible for such actions will be prosecuted.

The new exploration camp will be smaller than the damaged camp because the amount of ongoing drilling to confirm and define the northwestern and southeastern extensions of the current **1.4 million ounce JORC Compliant Resource** can be completed by a maximum of two drilling rigs. During the infill drilling campaign over the past 14 months the exploration camp supported up to a maximum of nine drilling rigs.

Despite the interruption at the Sihayo exploration camp, our regional exploration program across the Contract of Work ("COW") continues with the primary focus being the ongoing drilling at the Tambang Tinggi porphyry copper / gold prospect and the pre-drilling exploration work at the Hutabargot Julu epithermal gold prospect.

The Company shall issue a further update to the market as new information is obtained and progress towards the physical re-building of the new exploration camp is achieved.

Yours faithfully,
SIHAYO GOLD LIMITED

A handwritten signature in black ink, appearing to read "Paul Willis", is written over a horizontal line.

Paul Willis
Chief Executive Officer
7th May 2011