



ASX ANNOUNCEMENT 21 MARCH 2011

Sihayo Pungkut Gold Project – New JORC Compliant Estimate

Sihayo Resource increases 43% to 1.30 Million ounces, total project resources grow to 1.4 million ounces

Highlights

- As a result of infill and resource extension drilling at the Sihayo resource a new JORC compliant resource has been estimated at:

14.6Mt at 2.8g/t Au for 1,302,000 oz

- 90% of the Sihayo resource is in the Indicated Category
- Resource tonnage has increased 53% and contained gold has increased 43% compared with the previous JORC compliant resource estimate released in July 2010
- Sihayo resource remains open to the north, east and south.
- Total Sihayo – Sambung, JORC estimate, stands at:

15.7Mt at 2.8g/t Au for 1,402,000 oz

- Pit optimisation and mine scheduling to be updated with new resource
- Definitive Feasibility Study (“DFS”) finalisation delayed to allow inclusion of new resource

The Board of **Sihayo Gold Limited (ASX: SIH)** is pleased to announce the new upgraded JORC compliant resource estimate of **14.6Mt at 2.8g/t Au containing 1,302,000 ounces of gold** for the Sihayo resource within its 75% owned Sihayo Pungkut gold project in North Sumatra, Indonesia.

The new estimate is based on an extensive infill and resource extension drilling program completed between July 2010 and March 2011. The upgraded estimate for the Sihayo resource takes the total project JORC compliant resource to **15.7Mt at 2.8g/t containing 1,402,000 ounces**.

Table 1 below details the updated resource estimates.

The Company's CEO, Mr Paul Willis, said "Overall drilling results and the new resource figures are very encouraging and the substantial increase in contained gold is economically very significant. This new resource estimate is being included in the Definitive Feasibility Study ("DFS"), and supports our confidence in taking our first project forward to the production stage."

"It is also clear that the resource is constrained by drilling in a number of directions and that mineralisation is expected to extend beyond the current resource outline. Ongoing exploration/resource extension drilling will continue to seek to identify the overall resource potential of the Sihayo area."

The new resource estimate covers an area of approximately 1.4 km by 0.6km and is based on approximately 496 diamond drill holes which were drilled on a nominal 25 metre by 50 metre grid within the majority of the resource area with the more recent southern extension holes drilled on a nominal 50 metre by 50 metre grid.

The mineralisation at Sihayo is a silica (jasperoid) replacement style of mineralisation localized at lithological contacts, within a Permian limestone and marble sequence with interbedded volcanic and volcanoclastic units. Drilling has identified three primary sub horizontal gold zones; an upper zone at the Permian limestone/Tertiary sediment unconformable contact, a middle horizon at a marble/silty limestone interbed and a lower zone at a volcanic lava/silty limestone contact and a fourth zone of post surface weathering/oxidation of the primary lodes (regolith) occurring in modern karst environment.

The resource is exposed at surface at its northwestern end and extends to a depth of 200 metres along strike at its southeastern end. The resource is highly but variably oxidized to depths of about 40 metres and there are variable levels of oxidation down to about approximately 150 metres depth.

Infill drilling within the area of the previous resource has confirmed the continuity of the regolith mineralisation in the north lode area and defining the lower mineralised zone. Step out and extension drilling in the southern area identified a third lower mineralised zone at the volcanic/ silty limestone contact. This lower zone accounts for the majority of the resource increase. A zone of higher grade mineralisation at the Tertiary/Permian contact has been intersected in the south eastern area that will be the subject on ongoing drilling.

The Sihayo and Sambung Resources, depicted in Figure 1 below, 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 favorable stratigraphy is approximately 4.5 km. Mapping in these extension areas has located jasper outcrops, >0.1ppm semi continuous soil anomalies and limited drilling has previously returned results with >10 gram * metres gold intersections.

The exploration drilling program for the next 3-6 months is designed to target favourable known horizons within the north and south extensions along strike from the Sihayo resource, primarily targeting shallow oxidized zones. The northern limit of the regolith mineralisation is not defined.

The resource estimate was completed by international industry consultants Runge Limited based on data and geological information supplied by PT Sorikmas Mining (75% owned subsidiary of Sihayo Gold Limited and 25% owned by PT Antam Tbk). No mining dilution has been included in the resource estimation.

The significant increase in the gold resource ounces necessitates that the pit optimisation and mine scheduling process be re-worked and updated for inclusion in the DFS. Consequently, the finalisation and release of the DFS results will now occur later than the previously advised date of end of March 2011.

Yours faithfully,
SIHAYO GOLD LIMITED

A handwritten signature in black ink, appearing to read "Paul Willis", written in a cursive style.

Paul Willis
Chief Executive Officer
21 March 2011

Table 1: Sihayo – Sambung JORC Compliant Resource estimate

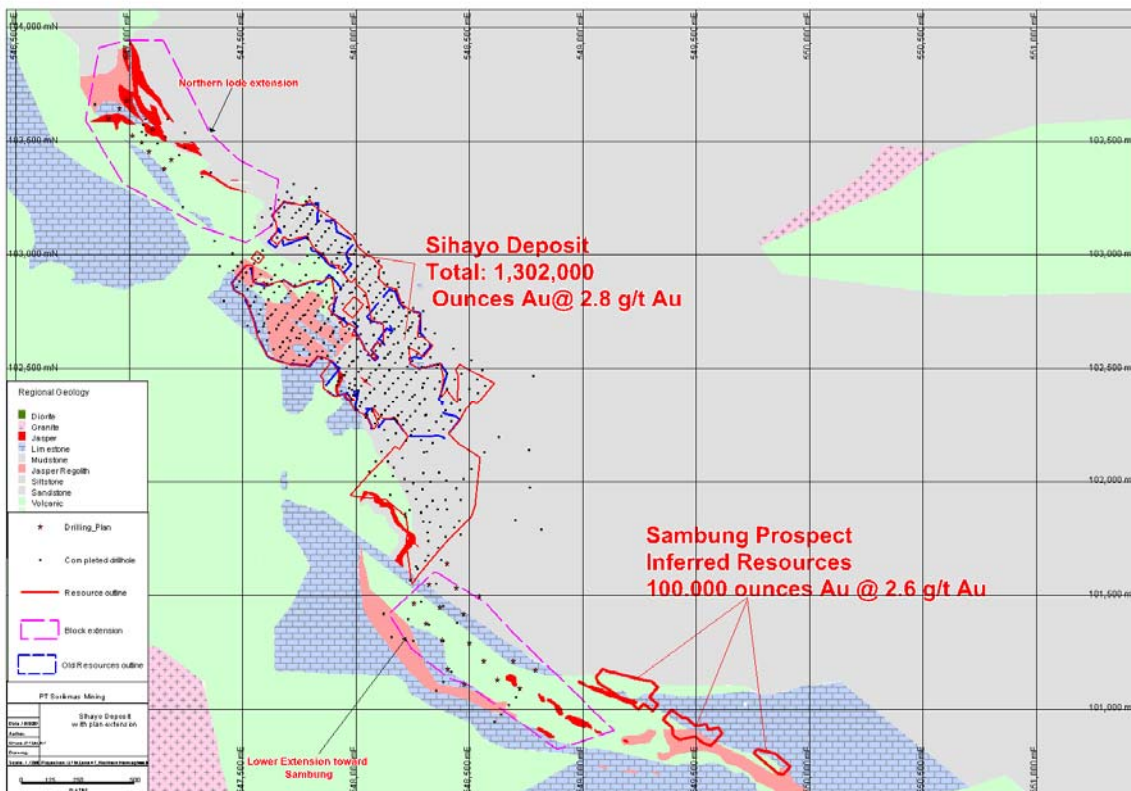
Resource	Tonnage Mt	Grade Au g/t	Contained Gold ounces	JORC Classification	Cut-off grade Au g/t
SIHAYO	13.2	2.8	1,195,600	Indicated	1.2
SIHAYO	1.4	2.3	106,500	Inferred	1.2
	14.6	2.8	1,302,000	Indicated & Inferred	1.2
SAMBUNG	1.1	2.6	100,000	Inferred	1.5
Total	15.7	2.8	1,402,000	Indicated & Inferred	

Note 1: Rounding errors may occur

Note 2: SIHAYO resource JORC estimate completed by Runge Limited. Competent person, Rob Williams

Note 3: SAMBUNG resource JORC estimate completed by Mining Assets Pty Ltd. Competent person, Clay Gordon

Figure 1: Sihayo – Sambung JORC Compliant Resource Outline



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.Hons) who is a full time employee of PT Sorikmas Mining, the 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 NS by 10m EW 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 4,629 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.