



QUARTERLY REPORT

for the three months ending 31 December 2010

HIGHLIGHTS

SIHAYO PUNGKUT GOLD PROJECT, INDONESIA (75%)

- Infill and extension drilling during the quarter at the Sihayo resource continued to intersect further zones of significant mineralisation and strongly supports the likelihood of future upgrades to the current JORC compliant resource estimate of:

Sihayo-Sambung resource: 10.7Mt at 2.9g/t Au for 1.01 million oz

- Significant drill results included:

SHDD413	29m @ 1.85 g/t Au from 90m and 9m @ 4.14 g/t Au from 126m
SHDD416	4m @ 4.89 g/t Au from 34m
SHDD417	5m @ 5.06 g/t Au from 36m
SHDD426	16m @ 7.33 g/t Au from 149m
SHDD430	5m @ 6.15 g/t Au from 10m and 13m @ 1.31 g/t Au from 139m
SHDD431	8m @ 3.46 g/t Au from 72m
SHDD435	6m @ 1.96 g/t Au from 84m
SHDD437	12m @ 1.56 g/t Au from 54m
SHDD448	12m @ 3.47 g/t Au from 79m
SHDD354 Re-entry	19m @ 1.96 g/t Au from 93m
SHDD358 Re-entry	6m @ 1.74 g/t Au from 131m

- Considerable work was completed during the quarter on progressing the definitive feasibility study, which is scheduled for completion at the end of the March quarter
- Regional exploration work continued throughout the quarter, focused on rock and soil sampling and an IP survey at the Tambang Tinggi gold / copper prospect. Work is planned to accelerate during the March quarter and include drilling at Tambang Tinggi

CORPORATE

- Company ended the December Quarter with AUD\$4.04 million in cash and is debt free
- Company's ASX listed options, expiring today, have been fully underwritten

REVIEW OF OPERATIONS

1. Sihayo Pungkut Gold Project, Sumatra (75%)

Ongoing resource definition and extension drilling continued throughout the December quarter. A total of 47 holes were completed for 8,142 metres.

The resource definition and extension program with up to five diamond drill rigs has focused on the northern lode adjacent to the main Sihayo resource and on two lodges immediately to the south of the current resource boundary.

These two areas of mineralisation will form the basis for the first incremental increase of the Sihayo JORC compliant resource estimate due in March.

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.

The possible northwest and southeast extensions of the Sihayo resource, **represent a combined strike length of approximately 4.5km.**

Table 1 below summarise significant results for drill holes SHDD413 to SHDD457 and re-entry of SHDD354 and SHDD358.

Figure 1 below is a surface plan showing the current Sihayo and Sambung resource outlines, reported significant results outside the current resource boundary and the proposed ongoing drill plan for the current quarter.

1.1 Regional Exploration

Detailed mapping and sampling of the Tambang Tinggi prospect continued throughout the quarter.

The prospect covers an area of approximately **2.8km east to west** and **1.6km north to south**. Within this area are extremely encouraging gold and copper results in drilling (historic scout program), rocks and soil samples.

An IP survey commenced during the quarter and is now approximately 50% complete.

A new drilling program is being finalised and drilling is expected to commence in February.

Below is a summary of regional prospects, in addition to Tambang Tinggi, where exploration work has commenced:

Refer to Figure 2 below for regional prospect location map.

Sihayo Pungkut extensions

A detailed soil sample program was completed during the quarter and grid establishment was completed for an IP survey to aid in drill targeting along strike and at depth from the current Sihayo and Sambung Resources;

Hutabargot Julu

The Hutabargot Julu prospect is an epithermal gold style prospect with multiple sub-parallel veins that have yielded historic drill intercept of **5m @ 37.7 g/t from 47m**. The prospect is located approximately 7km southeast of the main Sihayo resource and exploration commenced in October 2010. This initial work program has been focused on grid re-establishment for soil / IP surveys, geological mapping and rock chip sampling to aid in drill target definition.

Airborne Magnetic Survey

An airborne magnetic survey over the entire COW commenced in January 2011. The airborne survey will have a particular emphasis on **known porphyry copper gold style targets** such as; **Singalancar, Tambang Tinggi, Rura Balancing, Namilas, Siandon and Mandagang.**

1.2 Definitive Feasibility Study (“DFS”)

The DFS has progressed well during the Quarter and remains on schedule for end of March completion.

During the quarter the metallurgical test program was completed. The test work has confirmed that a standard CIL plant configuration is the preferred option.

The Process Flow Diagrams, design criteria and equipment selection has been finalised.

The geotechnical programs to assess the ground conditions in the selected sites for the Tails Storage Facility (TSF) and plant site have been completed and the DFS design of both the TSF and plant site have been completed.

The site water balance and hydrology investigation were also completed.

DFS Engineering has been completed with the final costings for the Opex and Capex now being analysed and optimised.

Golder and Associates have completed the environmental baseline study and now completing the full AMDAL study as required by Indonesian regulations.

Indonesian consulting engineers, PT. Indra Karya (“PTIK”) in association with engineering firm SMEC (Snowy Mountains Engineering Corporation), continued work on the detailed Feasibility Study into the potential supply of hydro electric power to the Sihayo Pungkut gold project. The feasibility study is due for completion by the end of March. The potential hydro electric power plant would be a “run-of-river” project with no requirement for damming the river.

2.0 Malawi (Uranium) 100%

No exploration activities were carried out during the Quarter. All exploration licenses were renewed during the Quarter.

3.0 India (Diamonds) 9%

No progress has been made during the Quarter in resolving the legal status of the diamond tenements in India. The Company remains relatively optimistic that its Indian JV Partner will be successful in gaining access to the tenement and application areas in the future. In the meantime, there is minimal cost to Sihayo in maintaining its current equity position.

4.0 Corporate Activities

The company is pleased to advise that its largest shareholder, Summit Investments Pty Ltd, has agreed to underwrite the exercise of the ASX listed (A\$0.20c) options expiring 31.01.2011. This will ensure that the company receives approximately \$2,600,000 from the exercise of the options.

Yours faithfully,

SIHAYO GOLD LIMITED



Paul Willis

Chief Executive Officer

31st January 2011

Note 1: It is advised that in accordance with the Australian Stock Exchange Limited Listing Rule 5.6, the information in this report that relates to Exploration Results and Resources is based on information compiled by Mr Graham Petersen, who is a Member of the Australasian Institute of Mining and Metallurgy. Mr Petersen, is the Chief Geologist of PT Sorikmas Mining, the 75% owned subsidiary of Sihayo Gold Limited. Mr Petersen has sufficient experience which is relevant to the style of mineralisation and type of deposit which is under consideration and to the activity which Sihayo Gold is undertaking to qualify as "Competent Persons" as defined in 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 information in the form and context in which it appears.

Note 2: 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 Ltd, 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.

Table 1: Summary of gold intercepts (1 g/t Au and above) in SHDD413 to SHDD457 and re-entry of SHDD354 and SHDD358.

HOLE ID	EAST UTM	NORTH UTM	RL (m ASL)	AZI	DIP	FROM	TO	INTERCEPT (M)	Au g/t	INSIDE OR OUTSIDE CURRENT RESOURCE
SHDD413	548032	102986	1082	0	-90	90	119	29	1.85	Outside
						126	135	9	4.14	Outside
SHDD416	548052	102934	1089	0	-90	34	38	4	4.89	Outside
SHDD417	548023	102892	1105	0	-90	36	41	5	5.06	Outside
SHDD419	548762	102133	1173	0	-90	169	170	1	4.16	Outside
						184	186	2	6.84	Outside
SHDD421	547977	102762	1144	0	-90	96	97	1	1.54	Outside
SHDD424	547847	103174	1049	0	-90	3	5	2	1.92	Outside
SHDD425	548011	102717	1160	0	-90	75	75.7	0.7	1.53	Outside
						77.8	79	1.2	3.30	Outside
SHDD426	548534	102451	1180	0	-90	149	165	16	7.33	Outside
SHDD428	547784	103162	1067	0	-90	14	19	5	1.76	Outside
SHDD429	547994	102699	1158	0	-90	90	92	2	1.25	Outside
						98	100	2	2.61	Outside
						109.3	111	1.7	1.66	Outside
SHDD430	547808	103198	1055	0	-90	6	7	1	4.09	Inside
						10	15	5	6.15	Outside
						139	152	13	1.31	Outside
SHDD431	548081	102722	1167	0	-90	65	69	4	1.69	Inside
						72	80	8	3.46	Outside
SHDD432	547751	102961	1117	0	-90	23	25	2	1.22	Outside
SHDD433	548460	102364	1194	0	-90	202	205	3	1.83	Outside
SHDD434	548140	102088	1143	0	-90	150	151	1	2.20	Outside
SHDD435	547755	103127	1081	0	-90	6	18	12	1.59	Inside
						84	90	6	1.96	Outside
SHDD437	548112	102761	1151	0	-90	54	66	12	1.56	Outside
SHDD439	548073	102792	1139	0	-90	48	49	1	1.08	Outside
SHDD440	548365	102040	1215			208	210	2	1.07	Outside
						211	212	1	1.06	Outside
SHDD441	548102	102123	1161	0	-90	201	202	1	1.07	Outside

HOLE ID	EAST UTM	NORTH UTM	RL (m ASL)	AZI	DIP	FROM	TO	INTERCEPT (M)	Au g/t	INSIDE OR OUTSIDE CURRENT RESOURCE
SHDD443	548091	102815	1128	0	-90	33.6	37	3.4	2.72	Outside
						62	66	4	2.69	Outside
SHDD444	548566	102127	1175	0	-90	229	232	3	2.73	Outside
						235	237	2	2.48	Outside
SHDD445	547796	103184	1060	220	-60	5	11	6	1.32	Inside
						18.3	19.3	1	1.01	Outside
SHDD447	547754	102887	1148	0	-90	54	56	2	1.83	Outside
SHDD448	548110	102849	1137	0	-90	79	91	12	3.47	Outside
SHDD451	547713	103087	1090	0	-90	3	6	3	1.18	Outside
						21	26	5	1.49	Inside
						65	66	1	1.29	Outside
SHDD452	547750	103189	1079	220	-60	11	26.1	15.1	3.07	Inside
SHDD454	547772	103238	1075	220	-60	3	4	1	1.50	Inside
						121	123	2	1.08	Outside
SHDD455	548394	101918	1170	0	-90	191	193	2	11.8	Outside
SHDD457	548818	101788	1222	0	-90	272	274	2	1.82	Outside
SHDD354 Re-entry	547823	103135	1057	0	-90	93	112	19	1.96	Outside
						115	116	1	1.06	Outside
SHDD358 Re-entry	547797	103180	1060	0	-90	131	137	6	1.74	Outside

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):
8. Coordinates in UTM grid system

Figure 1: Sihayo and Sambung Resource outline and results outside the current resource boundaries

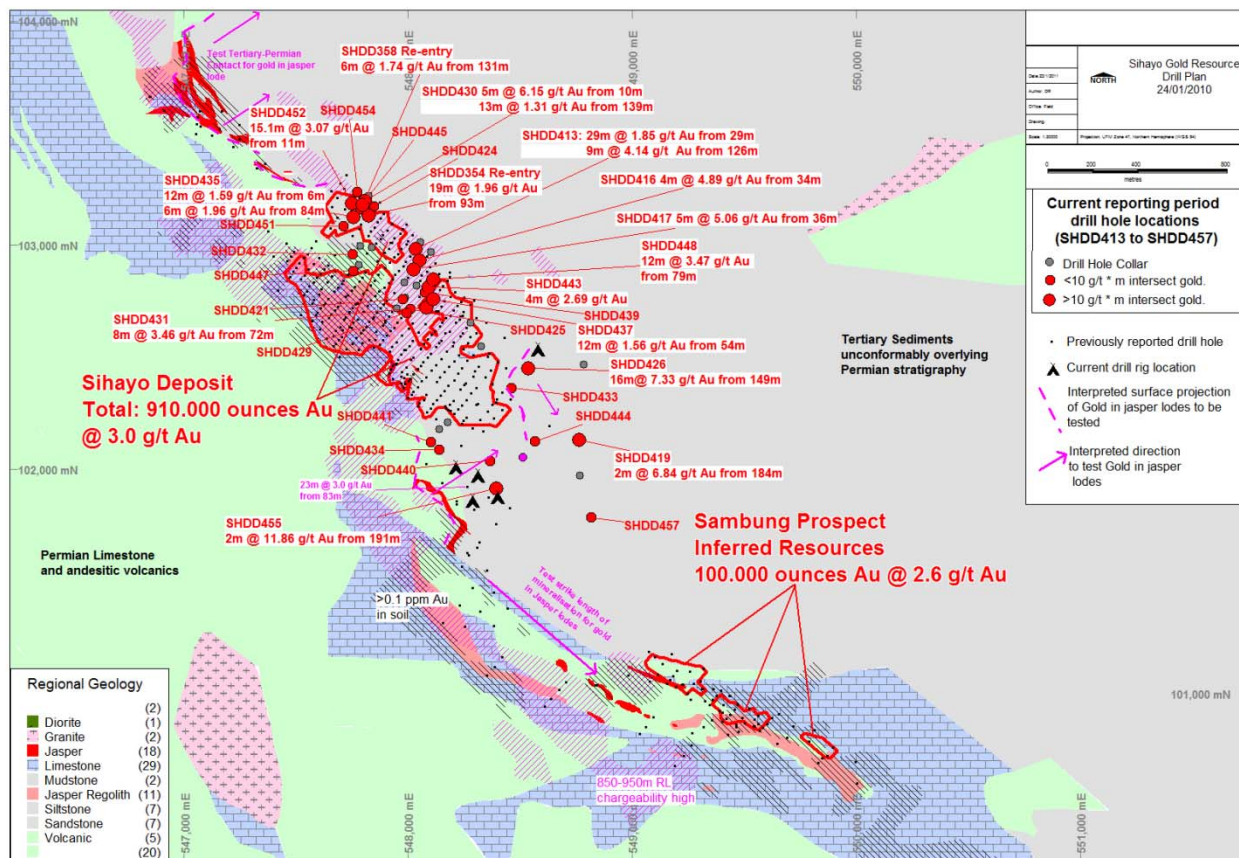


Figure 2: Regional exploration prospects across the Contract of Work (“COW”) area

