

Sumatra Copper & Gold plc

("the Company")

ASX Code: SUM

Capital structure

At 19.1.2017

709,735,176 listed CDIs

1,217,006 unquoted shares

1,500,000 options

311,932,436 warrants

7,000,000 convertible notes

Market capitalisation

At 19.1.2017

CDI price: A\$0.025

Market capitalisation: A\$17.7m

Cash & bullion, debt

At 30.12.2016

Cash and bullion: US\$4.4m

Loan facilities: US\$49.6m

Working capital facility: US\$5.1m

Convertible notes: US\$7m

Board of Directors

Chairman

Stephen Robinson

Managing Director

David Fowler

Executive Director

Adi Sjoekri

Non-Executive Directors

Jocelyn Waller

Gavin Caudle

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Highlights

The Company is pleased to present its December 2016 quarterly activities report for the Tembang Gold-Silver Project, located in southern Sumatra, Indonesia ("Tembang").

Production

- Full year 2016 guidance met with 30,509 oz AuEq* produced.
- Record gold production for the quarter of 7,307 oz and silver production of 100,482 oz (total of 8,685 AuEq oz).
- All-in sustaining cost (AISC) of US\$1,162/oz.
- Gold recovery of 91.5% and silver recovery of 78.3%.
- Finished product stocks of 1,501 oz gold and 27,297 oz silver at quarter end.
- Positive Belinau underground reconciliation of mined ounces versus resource model.

Sales

- Gold sales of 7,394 oz and silver sales of 100,150 oz.
- Gold and silver revenue of US\$8.998 million and US\$1.674 million respectively for total revenue of US\$10.672 million.
- Average realised sales price for gold of US\$1,217/oz and silver of US\$16.71/oz.

Safety

- No Lost Time Injuries (LTIs) during the quarter.
- Total of 4,825,809 manhours completed LTI-free since initial construction began at Tembang in July 2013.

Financial

- Cash & cash equivalents at 30 December 2016 of US\$2.5 million and bullion of US\$1.88 million.
- Agreement executed with lenders to amend the US\$45 million senior secured debt facility & warrants. Major shareholders to convert US\$7 million of convertible notes.

Exploration

- Near mine exploration activities remained focussed on advancing priority targets in the Tembang Exploration Target Pipeline towards drill testing.
- Total of 538m of trenching and collection of 127 soil samples.

Outlook

- Guidance for 2017 unchanged at 45,000 – 55,000 oz AuEq.

Note: all data above is for the quarter ended 31.12.2016 unless stated.

** AuEq = Gold Equivalent Ounces, calculated as oz Au + oz Ag / 75*

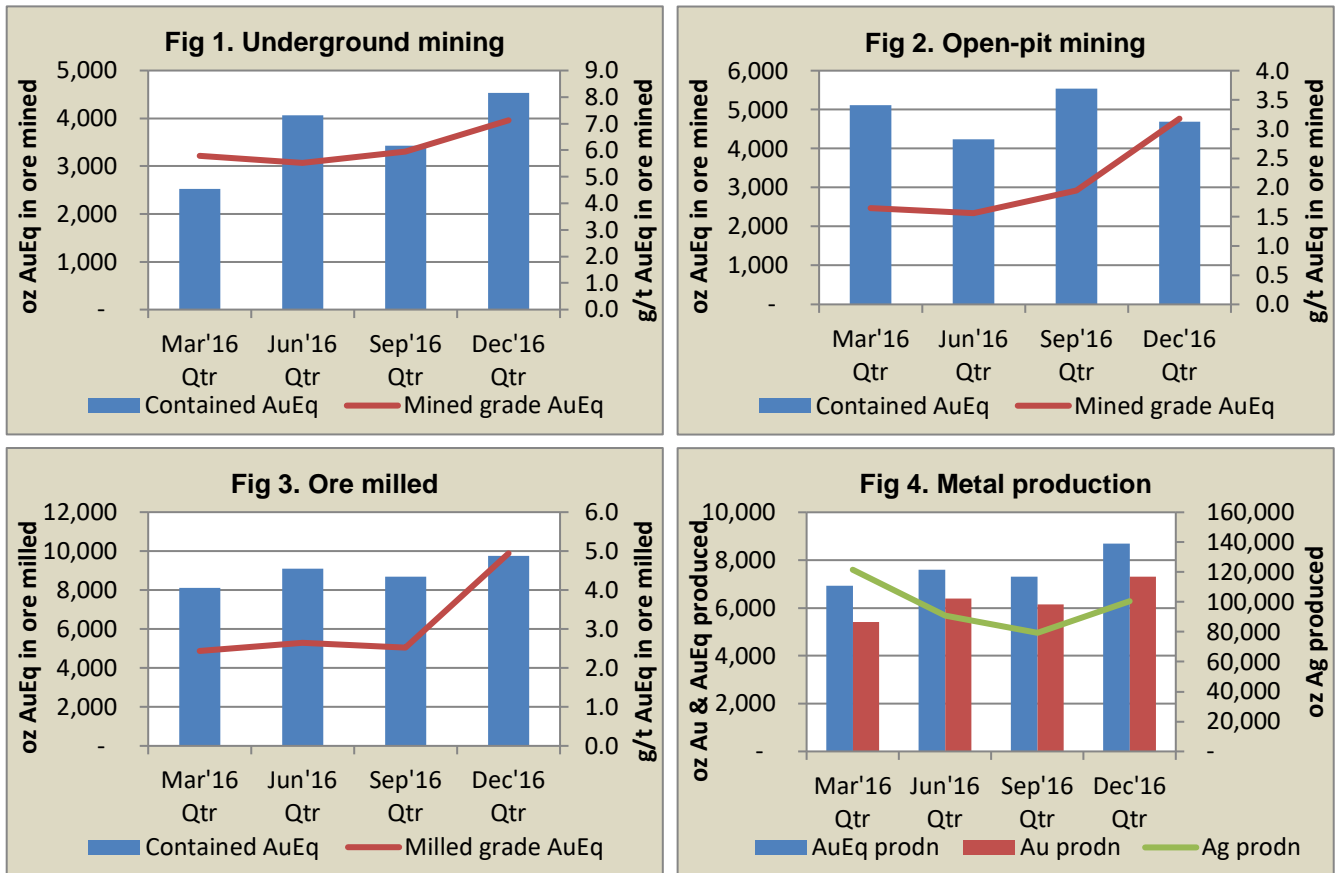
Summary

Table 1: Tembang Operations – Key Production Statistics

Tembang Operations	Unit	March Quarter 2016	June Quarter 2016	September Quarter 2016	December Quarter 2016	Full Year 2016
Underground mining						
Ore mined	tonnes	13,578	22,800	17,896	19,743	74,017
Mined grade	g/t Au	4.61	4.60	4.60	6.19	5.04
	g/t Ag	93.71	69.61	91.55	68.33	79.17
Contained metal	oz Au	2,017	3,376	2,651	3,941	11,985
	oz Ag	41,000	51,139	52,791	43,470	188,400
Open pit mining						
Ore mined	tonnes	96,177	84,429	88,429	45,708	314,742
Mined grade	g/t Au	1.31	1.28	1.59	2.45	1.54
	g/t Ag	27.01	21.10	24.41	53.21	28.68
Contained metal	oz Au	4,051	3,478	4,519	3,615	15,663
	oz Ag	85,519	57,408	69,563	78,368	290,858
Mill production						
Ore milled	tonnes	103,323	106,777	106,771	61,153	378,024
Mill grade	g/t Au	1.81	2.15	2.04	4.05	1.94
	g/t Ag	50.02	37.61	33.03	65.15	37.08
Contained metal	oz Au	6,023	7,384	7,004	7,985	28,396
	oz Ag	166,540	129,388	113,619	128,374	537,922
Recovery	% Au	89.75%	86.50%	87.73%	91.51%	88.90%
	% Ag	73.00%	70.34%	69.84%	78.27%	72.95%
Recovered gold	oz Au	5,406	6,387	6,145	7,307	25,245
Recovered silver	oz Ag	121,569	91,012	79,354	100,482	392,417
Gold & silver sales						
Gold sold	oz Au	5,465	4,951	7,233	7,394	25,043
Silver sold	oz Ag	119,922	82,628	79,573	100,150	382,273
Inventory at end of quarter						
Ore stocks	oz Au	74	96	63	56	56
	oz Ag	2,735	1,514	1,166	1,031	1,031
Metal in circuit	oz Au	869	717	681	468	468
	oz Ag	14,424	10,246	9,833	10,957	10,957
Finished product	oz Au	1,150	2,586	1,501	1,501	1,501
	oz Ag	18,458	29,943	28,283	27,297	27,297

Quarterly Production Data

Figures 1 – 4: Key Quarterly Production Data



AuEq conversion is based upon the relative gold/silver price for the respective quarter: 80, 75, 68,73 for April, June, Sept, Dec quarters respectively

All-in Sustaining Cost (AISC)

Table 2: Tembang Operations – All-in Sustaining Cost (AISC)

Tembang	Unit	Dec Qtr 2016	Full Year 2016	Unit	Dec Qtr 2016	Full Year 2016
Mining costs	US\$m	4,968	16,471	US\$/oz	672	658
Processing costs	US\$m	2,150	10,100	US\$/oz	291	403
General & admin costs	US\$m	1,227	4,980	US\$/oz	166	199
Silver credits	US\$m	(1,571)	(5,914)	US\$/oz	(212)	(236)
Inventory movements	US\$m	344	379	US\$/oz	47	15
Cash costs	US\$m	7,118	26,016	US\$/oz	964	1,039
Royalties	US\$m	392	1,379	US\$/oz	53	55
Capital works (sustaining)	US\$m	1,075	4,355	US\$/oz	145	174
All-in Sustaining Cost	US\$m	8,585	31,750	US\$/oz	1,162	1,268
Production	oz Au	7,394	25,043			

Tembang Operations

Underground Mining

Development & Stopping

The Belinau underground mine achieved a record development rate during the December 2016 quarter, despite the loss of a single boom jumbo drill at the beginning of December (refer to ASX announcement 5 December 2016). There was 26% increase in development productivity for the quarter, compounding the 63% productivity increase in the September quarter. Total development for the December quarter was 1,188 metres (averaging 4.3 cuts per day) compared to 969 metres in the September quarter (average of 3.5 cuts per day). The development rate prior to the loss of the jumbo in December was 5.0 cuts per day (922m for the months of October and November).

The damaged jumbo is currently being repaired on site and is expected to return to service by the end of January 2017. A third, new, single boom jumbo has been procured and is scheduled to commence underground drilling during the 3rd week of January. The 3 jumbos will provide temporary redundancy in the system, with the underground mine currently restricted by available headings.



Figure 5. New T1D Boomer arrived on site

The structure related to the perched water table and water inflow in December (refer to ASX announcement 5 December 2016) was identified and is believed to be a shallow-dipping dilational zone within the orebody that is exceptionally porous. The mine pumping systems at the time of the water inflow were unable to cope with the sudden surge of water and procedures are now in place to mitigate the risk of future inrushes, including a dewatering plan for the identified structure.

The decline continued steadily, with 201m developed during the December quarter compared to 198m

during the prior quarter. With both the new and repaired single boom jumbos returning to service in January, the decline is expected to achieve and maintain a maximum advance rate to enable low cost bottom-up stoping to commence at the beginning of the second quarter of 2017.

Underground ore production for the quarter was 4,563 oz AuEq versus 3,347 oz AuEq for the prior quarter (with the gold grade of ore mined 6.19 g/t Au versus 4.60 g/t Au for the prior quarter). The interim bench cut & fill (BCF) mining method is producing a steady and reliable supply of ore. Benching was able to continue through the use of airleg miners when the single boom jumbo was damaged. Ore grades were much improved over the quarter by keeping the BCF drive widths to an absolute minimum. Dilution will be further reduced in the forthcoming quarter with the final benches being mined by airlegs and scrapers.

A revised long term stoping methodology has been designed that is better suited for narrow vein mining. This will utilise a combination of mechanised and hand-held methods to reduce dilution and cost while maximising the use of existing infrastructure and equipment. The jumbo drills and small loaders will develop waste hangingwall drives to provide stope draw-points above and fill-points below. Airleg development within the stopes will provide minimum dilution and maximum ore recovery. The general layout for the stopes is shown in Figure 6.

A total of 39m of vertical development was also completed during the quarter for return air and escape ways between Levels 7 and 6.

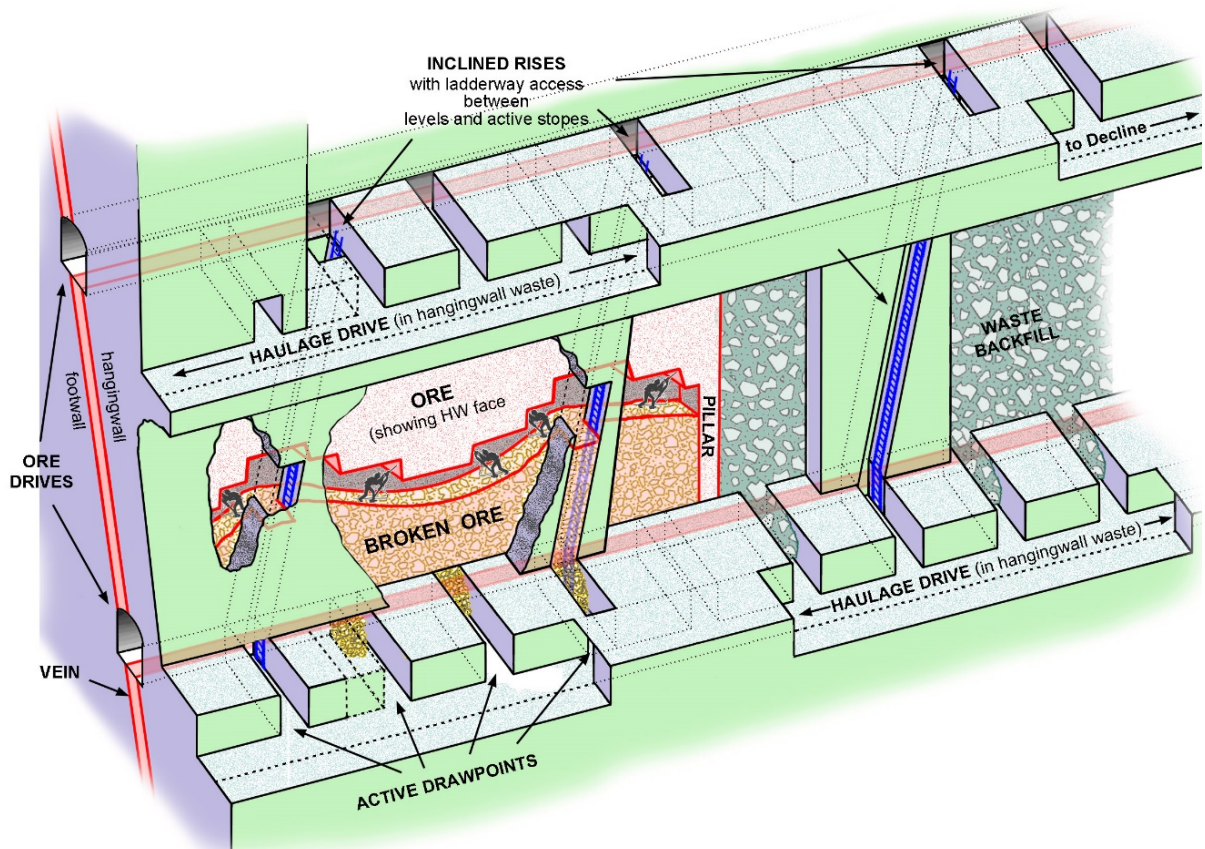


Figure 6. Modified shrink stoping for levels 7 to 11

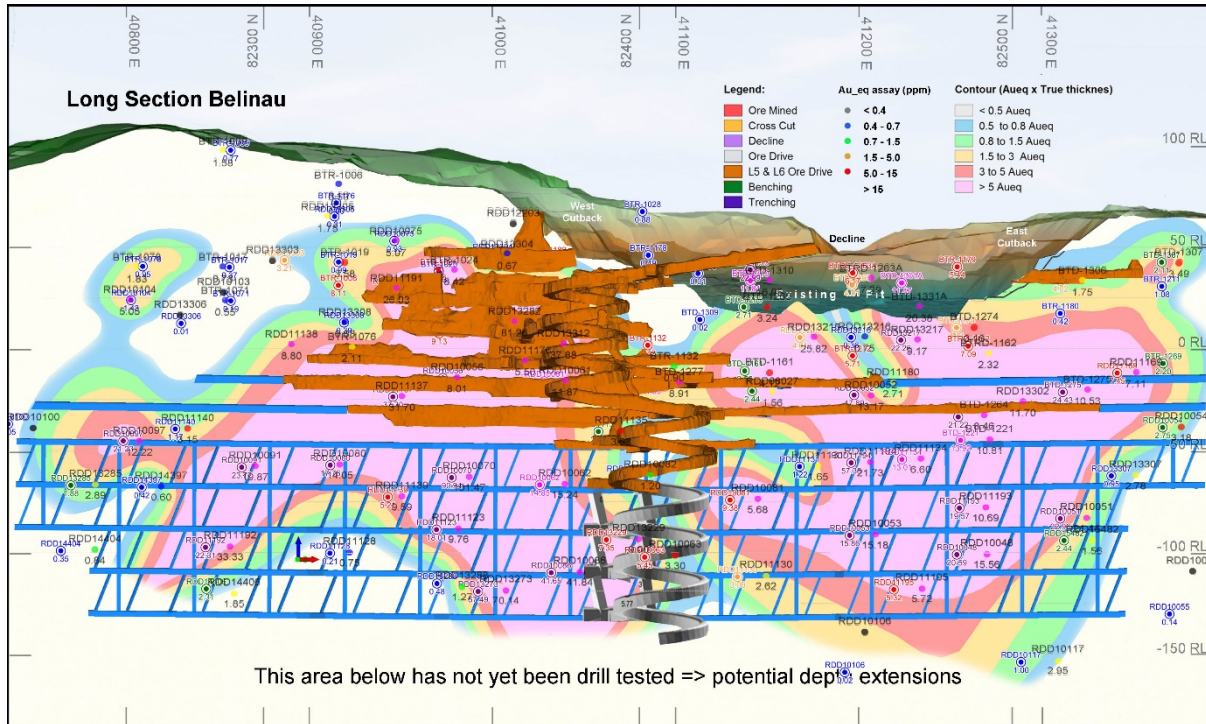


Figure 7: Belinau Long Section (at January 2017)

Open Pit Mining

Open pit ore mined for the quarter was 45,708 tonnes at an average grade of 2.45 g/t Au and 53.21 g/t Ag for total contained metal of 3,615 oz Au and 78,368 oz Ag, compared to the previous quarter of 4,519 oz Au and 69,563 oz Ag. Waste mined for the quarter was 2,518,738 tonnes.

During the quarter the Company changed its prior strategy of processing “incremental” open pit ore. Incremental ore is low grade material recovered from within the pit limits, that once hauled out of the pit, only needs to meet the additional haulage and processing costs to be economic. The project has been mine constrained and incremental ore has, in prior quarters, been processed utilising the spare capacity of the plant. All incremental ore is now stockpiled for processing at the end of the mine life which has resulted in the treatment of a lower tonnage of open pit ore at a higher overall grade with improved economics.

Open pit mining focused on Siamang, whilst the prestrip for Berenai commenced. A small stage 1 pit for Berenai was designed to accelerate open pit ore supply for February to April prior to underground stoping recommencing at Belinau. Berenai will then revert to the long-term strip ratio which will produce consistent ore throughout the remainder of 2017.

Mine Geology

Geological Review

During the December quarter, the Company commenced a geological review of the mineralisation interpretations for the Belinau underground, and Siamang and Berenai open pit deposits.

The high grade Belinau vein currently being mined from underground averages between 1.0m and 1.5m in width at a grade of 7 to 8 g/t gold and 70 to 80 g/t silver (8 to 9 g/t AuEq). The underground face mapping and sampling data collected to date, together with a more detailed evaluation of the diamond drill core, has enabled the mine geologists to develop a better understanding of the controls to the high grade mineralisation. This review also resulted in the recognition of two of the deepest holes drilled into

Belinau (RDD10092 & RDD10113) not intersecting the vein or host structure. Wireframing of the Belinau vein using drillhole data and interpretation of underground mapping information appear to validate that these two deep holes were terminated short of the vein by an estimated 10 metres (Figure 8).

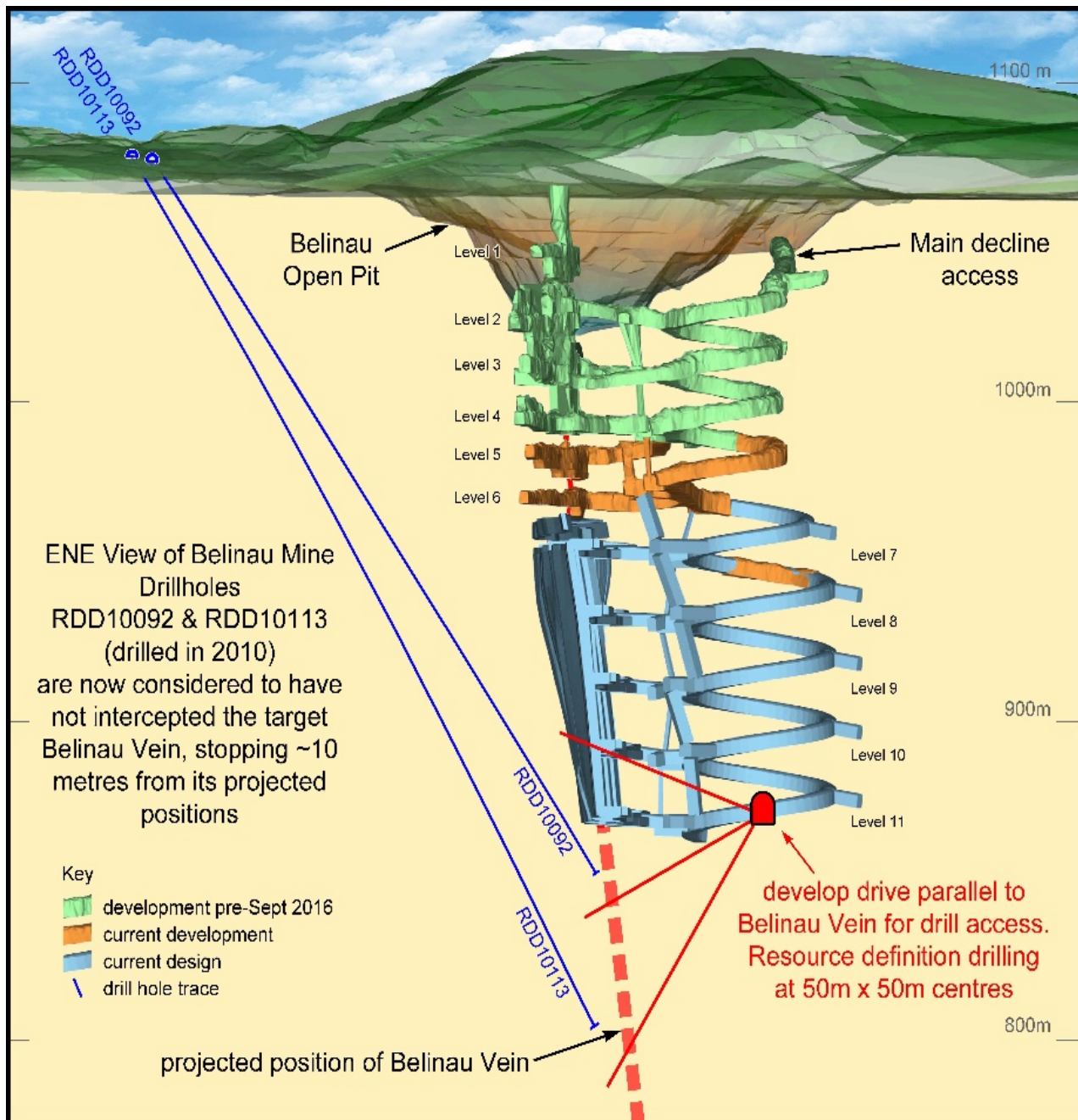


Figure 8. End view (looking ENE) of the Belinau underground mine showing 'near misses' for holes RDD10092 and RDD10113 and the proposed resource definition drilling program

Belinau Vein Extension Definition Drilling

A program of resource definition drilling has been planned to evaluate the projected depth extensions of the Belinau vein at 50m centres over almost the entire strike length of the deposit as it is currently known from a strike parallel drive on Level 10 (Figures 8 and 9), and also test for potential strike extensions at the western and eastern margins of the current resource.

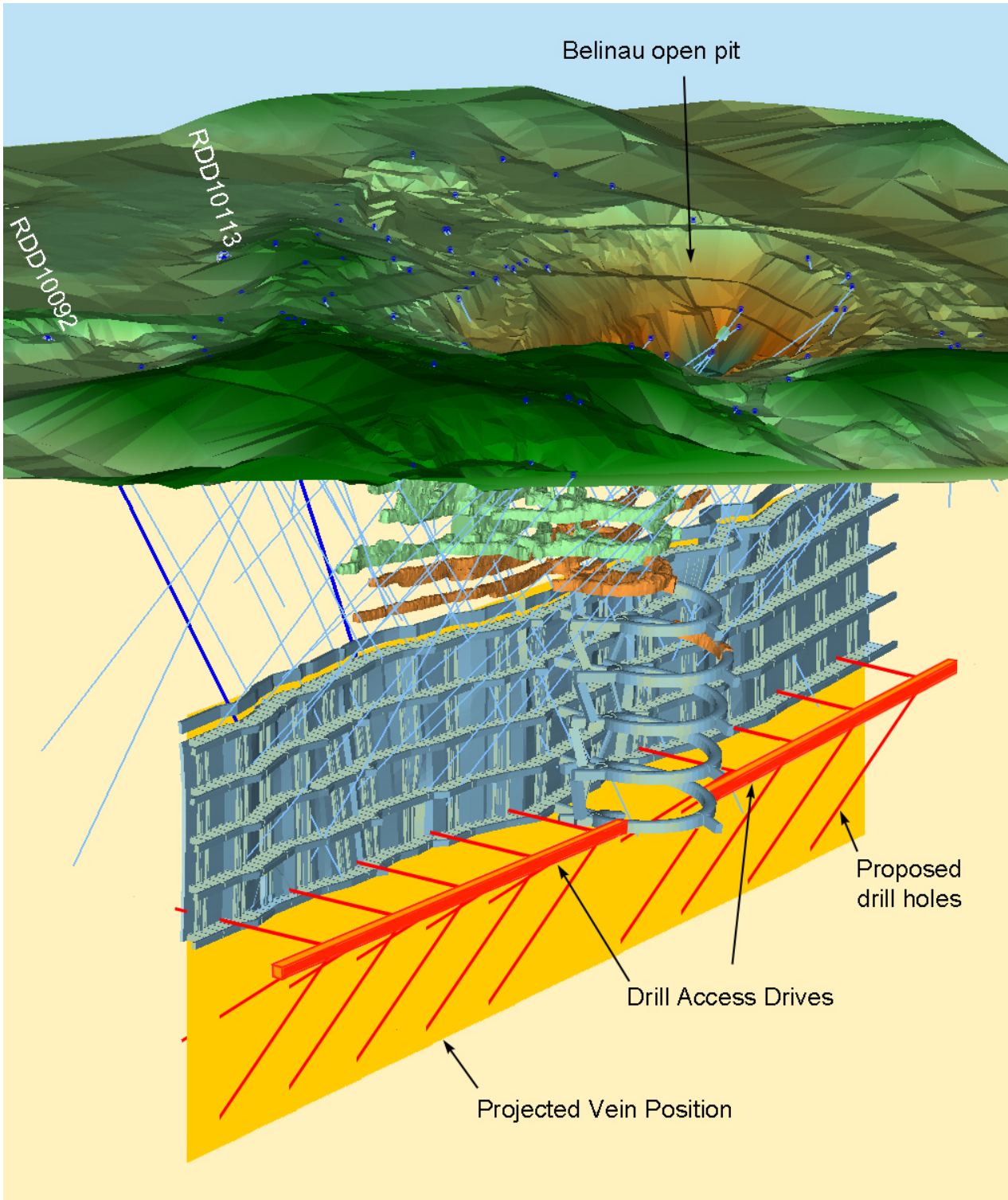


Figure 9. Oblique view of the Belinau open pit and underground mine showing the location of the proposed drill access drives and resource definition drilling program to test the projected extensions of the Belinau vein

Belinau Mine Reconciliation

There has been a positive reconciliation between the Belinau resource block model to that mined from August to end of December 2016, with a 22% increase in tonnes, 13% increase in gold grade and 126% increase in silver grade. This is an encouraging result and combined with improved mapping and the

move to narrow mining widths is expected to enable SUM to optimise underground gold extraction.

Mineral Resource & Ore Reserves Update

The Company is in the process of updating its Annual Mineral Resource and Ore Reserve statement for the Belinau underground and Berenai open pit mines. It is anticipated that the update will be completed by the end of February 2017.

The Mineral Resources and Ore Reserves for the other open pit deposits at Tembang have not materially changed since the last statement was released in 2016, and as such will be reviewed and updated in the same timeframe for a combined release.

Processing

Mill feed for the quarter totalled 61,153 tonnes at a grade of 4.05 g/t Au and 65.15 g/t Ag for total contained metal of 7,985 oz Au and 128,374 oz Ag. The lower tonnage and higher grade of the mill feed compared to the September quarter (106,771 tonnes at 2.04 g/t Au & 33.03 g/t Ag) is the result of stockpiling incremental ore as described above. The ore blend was 5% from Berenai, 32% from Belinau and 63% from Siamang. Most of the ounces in the feed were from Siamang (46%) and Belinau (49%).

Gold recovery averaged 91.51% and silver recovery 78.27% and was a significant improvement from the September quarter (87.73% Au and 69.84% Ag). This is a direct result of more residence time within the mill and the resolution of problems within the elution circuit. Planned future upgrades of the mill will maintain these gold and silver recoveries at a higher throughput rate during 2017.

Recovered product for the quarter was 7,307 oz of gold and 100,482 oz of silver.

Mill availability was above target at 98.7%. Mill utilization was low (46%) due to the reduced ore feed.

Run-of-mine stocks at the end of the quarter were 1,666 tonnes at an average grade of 1.04 g/t Au and 19.2 g/t Ag for total contained 56 oz Au and 1,031 oz Ag. Metal in circuit stocks at the end of the quarter were 468 oz Au and 10,957 oz Ag.

Site Administration

Subsequent to the end of the quarter, General Manager Mr Leonard Manurung resigned to take up a senior Government role. The Company extends its appreciation to Mr Manurung for his dedicated service and presiding over the outstanding achievement of over 4 million man-hours LTI-free.

Health & Safety

The Company achieved a zero LTI quarter (460,809 man hours). The cumulative total man hours from the recommencement of construction of the Tembang Project in November 2014 to 31 December 2016 is 3,790,422 hours LTI free. Total man hours without an LTI incident since initial construction began at Tembang in July 2013 is 4,825,809 to the end of December 2016.

Environment

During the quarter, there was one reportable environmental incident where the outlet bund of a polishing pond washed out after heavy rains. The bund was repaired with minimal impact to the environment.

Analytical results for discharge water at compliance points have been received with all parameters complying to the Government standard.

The new Tailings Storage Facility (“TSF”) (TSF#2 & TSF#3) permit has been approved by the Environmental & Forestry Minister based on the Minister Decree No. SK.805/Menlhk/Setjen/PLB.3/10/2016.

Rainfall during October, November and December 2016 was 267.7 mm, 431.9 mm and 103.0 mm respectively. The 103.0 mm of rainfall during December was a record low since rain measurements commenced in 2008.

Corporate Social Responsibility

The Company continued its local community engagement activities during the quarter. The focus of local village community development has been:

- The ongoing supply of clean water to drought affected areas, with Atlas Copco Nusantara engaged as a sponsor;
- Continuation of training to improve the capacity of public health services, including immunisation, contraceptive services, pregnant women and toddler health checks, and to engage the community through women;
- Assistance to the local community in Government-identified dengue endemic areas to eradicate mosquitoes;
- Home industry to increase community income such as bricks, retail services and tree seedling nurseries, including engagement with the Government, training and market research;
- Construction of a school fence and sporting facilities;
- Donations to rehabilitate a local mosque, for school supplies and electrical generators; and
- Continuation of training to improve leadership of youth and student organizations.

Land Access

Total land compensated at December 2016 is 411.57 ha, 83.8% of the total target area of 491.24 ha.

Security

There were no security issues reported at the mine site during the quarter.

Operating and Development Outlook

The interim underground BCF ore extraction method continues to produce positive results. Steady production will continue until the decline reaches the lowest level at end of Q1 2017 after which higher tonnage, low cost ore production will follow from the new shrinkage stoping system described previously. Open pit production is expected to remain steady during the coming quarter and increasing during 2017 from the Berenai stage 1 pit.

Full year guidance for 2017 remains unchanged at 45,000 – 55,000 oz AuEq.

Exploration

Near Mine Exploration Activities

Near mine exploration activities during the December quarter remained focussed on advancing priority targets towards drill testing. This work included a total of 538m of trenching across the Belinau SW, Asmar North, Anang East, Merin and Adit Targets as well as the collection of 127 soil samples within the Jenih and Belinau NE Targets.

Target locations and priorities are shown on Figures 10 & 11.

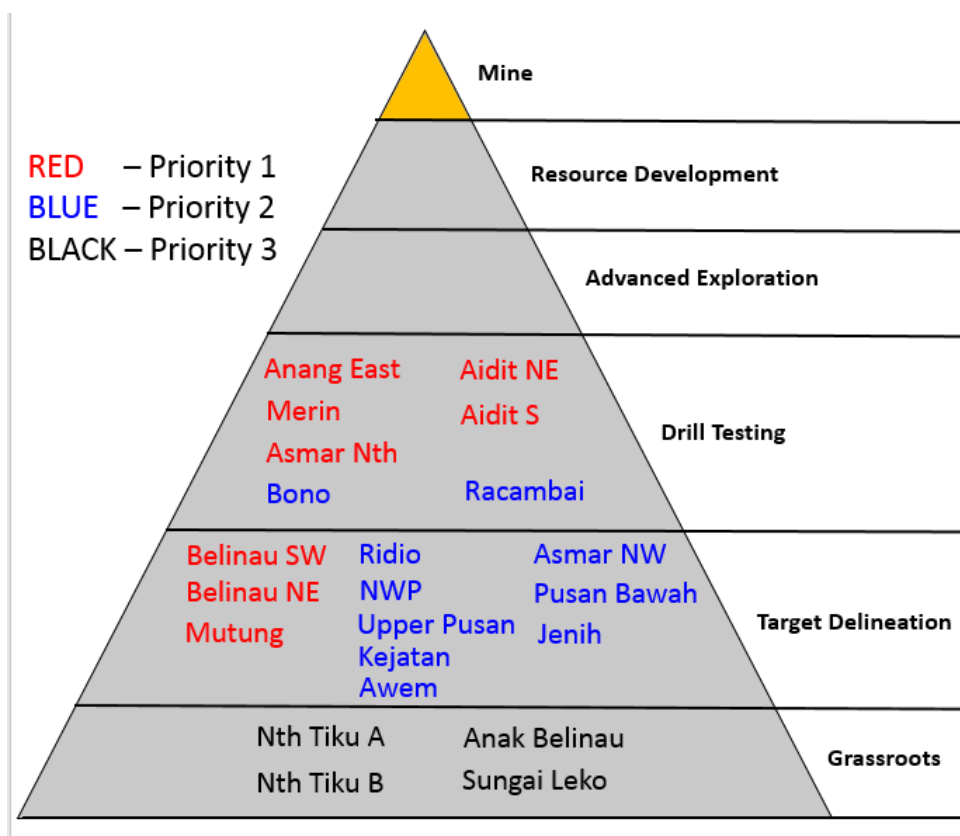


Figure 10. Tembang Exploration Target Pipeline at 31st December 2016

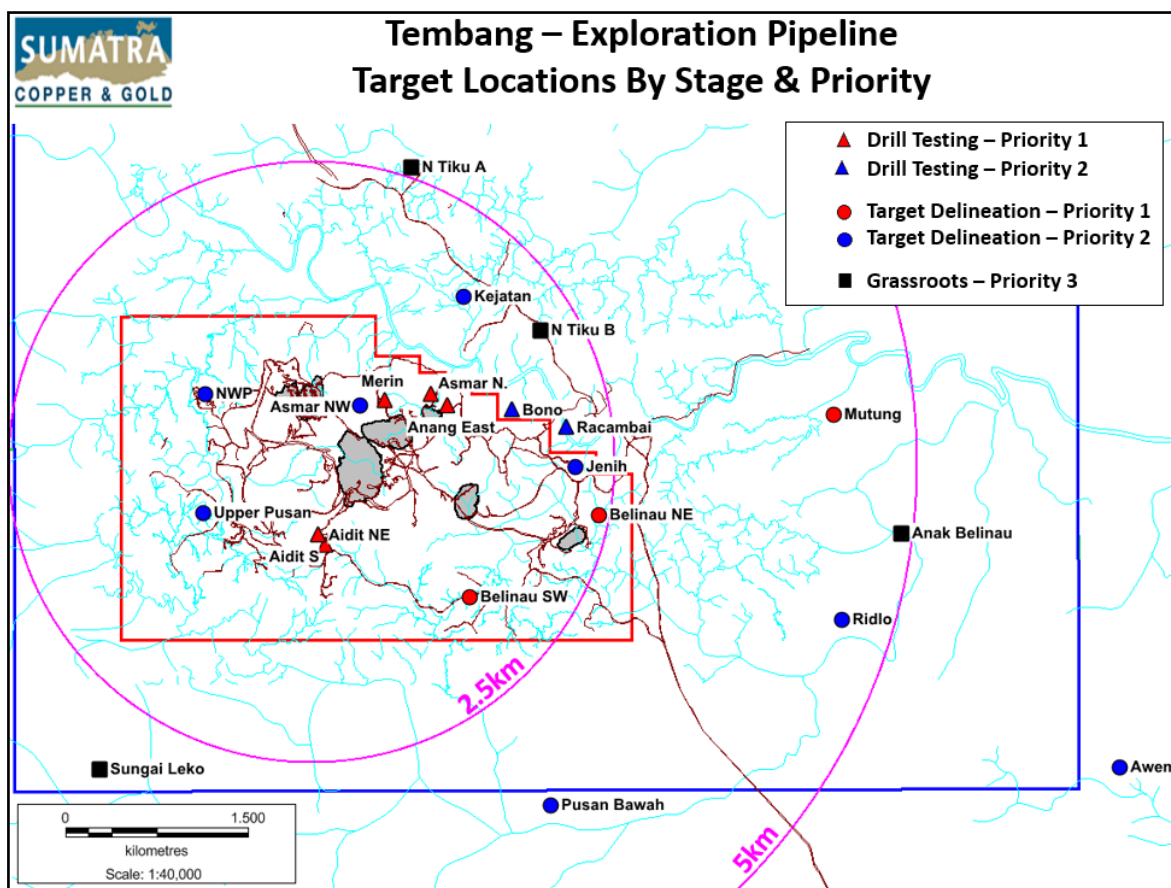


Figure 11. Tembang Exploration Target Pipeline – target locations relative to mine site

Belinau SW Target

As reported in the June quarterly report, the completed soil geochemical program to the southwest of the Belinau underground mine defined a 500m long, narrow, gold-silver-lead anomaly along the interpreted position of the "Belinau vein corridor" (Figure 12). Limited trenching across the soil anomaly was undertaken during the September quarter which, although intersecting some epithermal veining within a significant advanced argillic alteration zone, only returned a best assay result of 2m at 2.5 g/t Au (Trench RTR16026).

Three additional short trenches were completed within the southwest end of the soil anomaly during the December quarter (RTR16039, RTR16040 & RTR16041). These trenches once again successfully exposed a 2.5m - 3m wide haematitic silicified structure with minor fine grained milky quartz veinlets / stockworks in moderately to strongly argillic altered volcanic breccia rock, but only weakly anomalous gold results were returned.

The trenching program to date has confirmed a significant epithermal alteration system associated with the soil geochemical anomaly, however assay results have so far not matched the tenor of epithermal quartz vein float samples found within the anomaly, which have returned highly encouraging gold grades of up to 7.4 g/t Au.

Two additional trenches have now been planned at the northeastern end of the soil anomaly and these will be completed during the next quarter.

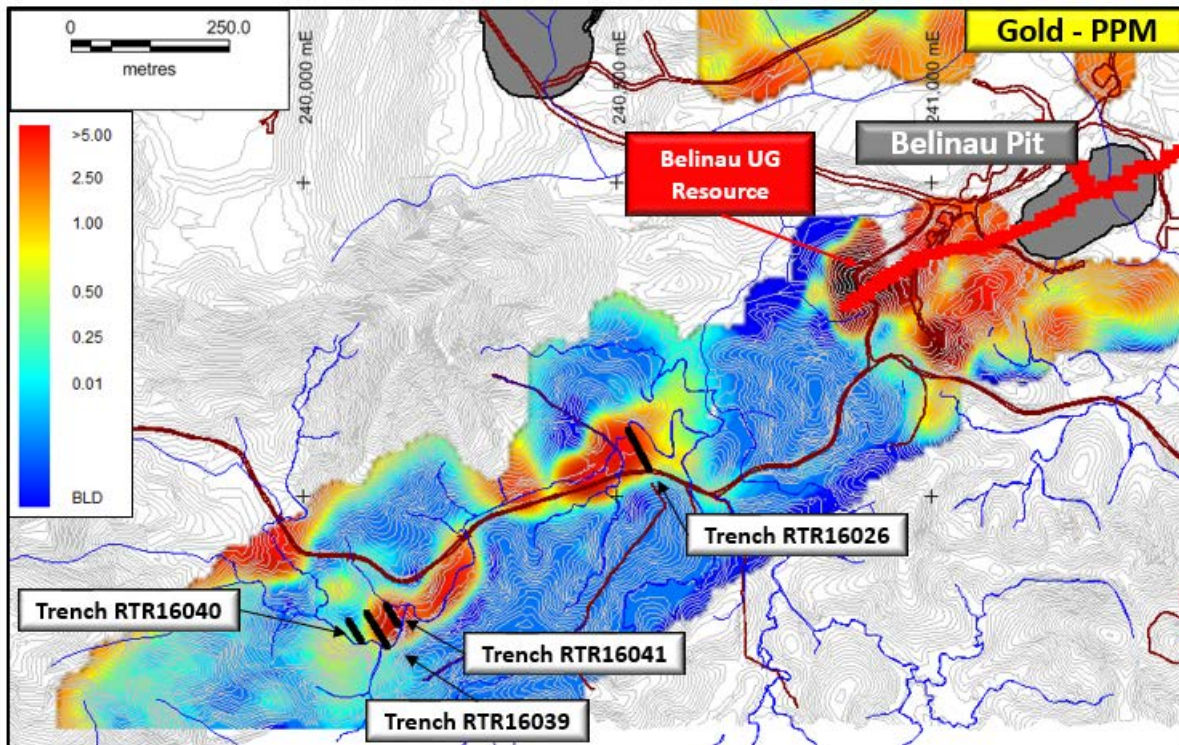


Figure 12. Belinau SW Target. Trenching positions over gold soil geochemistry.

Asmar North Target

The Asmar North Target comprises a 300m x 150m corridor of NE-trending gold anomalism and epithermal veining defined by soil and rock chip geochemistry. While there is some historical trenching in the area, the target is considered under-explored, particularly when its proximity to the Asmar open pit is considered (Figure 13).

Seven trenches (RTR16012 – 16016 & RTR16022-16023) were completed during previous quarters which exposed a NE-trending epithermal vein system with best results including 1.20m at 7.5 g/t Au & 7.0 g/t Ag (RTR16014), 0.70m at 3.83 g/t Au & 2.5 g/t Ag (RTR16022) and 1m at 5.81 g/t Au & 4.3 g/t Ag (RTR16012). These trench results to date are considered encouraging.

An additional three trenches (RTR16031, 16032 & 16035) were completed during the quarter to further assess the vein system with further encouraging results returned including;

- RTR16031: 2m at 4.05 g/t Au & 3.13 g/t Ag and 2m at 2.04 g/t Au & 1.78 g/t Ag from thin epithermal veins and stockwork zones;
- RTR16032: 2m at 1.11 g/t Au & 1.5 g/t Ag, 1m at 0.55 g/t Au & 1.1 g/t Ag, and 1m at 0.56 g/t Au & 0.89 g/t Ag.
- RTR16035: This trench confirmed the quartz vein structure and stockwork exposed in the east end of RTR16031 with an intersection of 2m at 3.66 g/t Au & 7.75 g/t Ag. RTR16035 also exposed 3 new vein structures at its eastern end which returned 2m at 2.36 g/t Au & 2.2 g/t Ag, 2m at 1.33 g/t Au & 4.93 g/t Ag and 2m at 2.15 g/t Au & 11.1 g/t Ag.

Further trenching to the north of this area is planned to test for vein extensions.

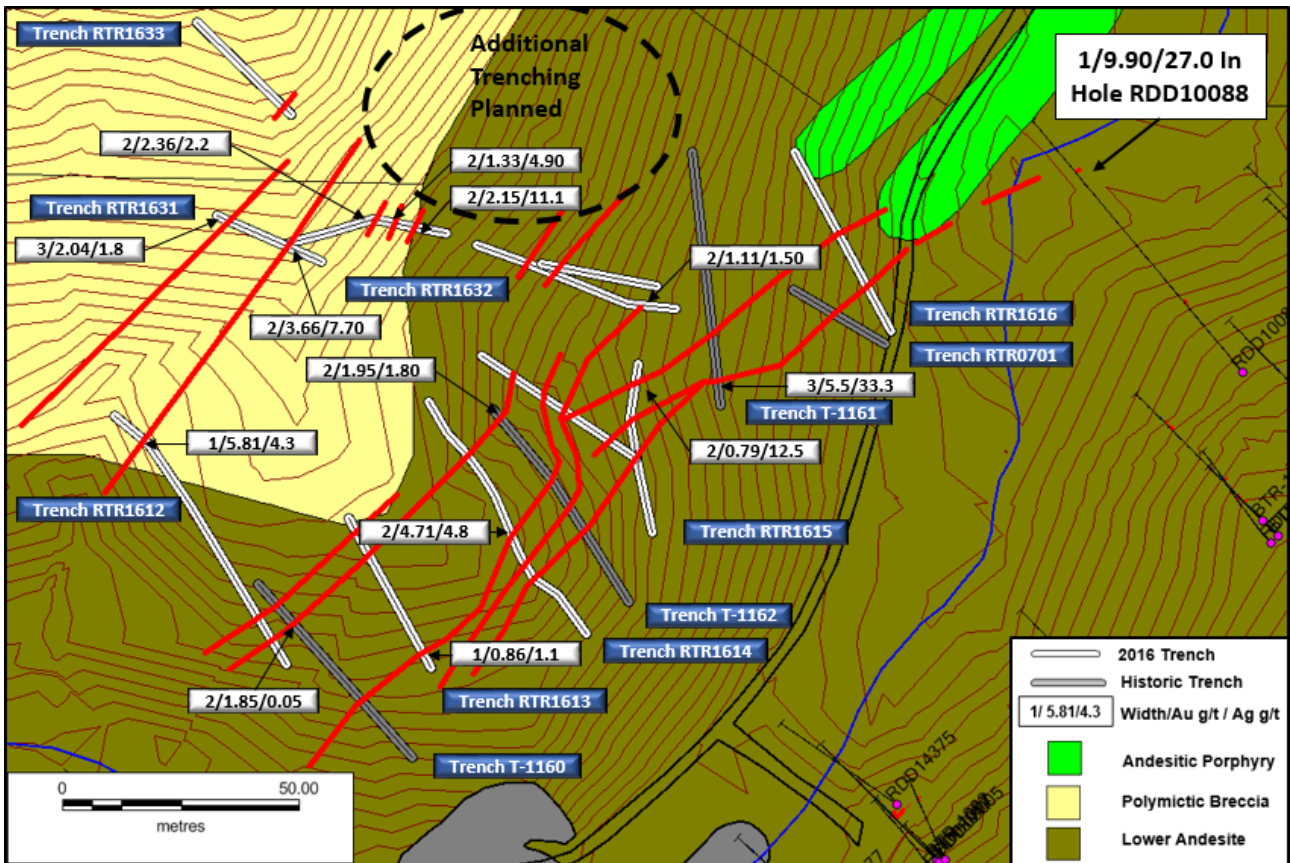


Figure 13. Asmar North Target – Trench locations & selected assay results

Merin Target

The Merin Target is located 300m NNE of the Asmar Pit. Exploration activities to date have defined a 300m strike-length of a SSE-trending epithermal vein system with the eastern footwall veins dipping west and western hangingwall veins dipping east. Best previously reported trench intersections include 1m at 2.3 g/t Au & 3.13 g/t Ag (RTR16010), 1.35m at 6.84 g/t Au & 8.53 g/t Ag, 1m at 2.93 g/t Au & 8.73 g/t Ag, and 1m at 1.68 g/t Au & 5.37 g/t Ag (Figure 14).

A further three trenches were completed at Merin during the current quarter to further trace the extent of the vein system. Trench RTR16034 intersected both the main Merin vein, where an intersection of 1m at 0.68 g/t Au & 0.48 g/t Ag was reported, but also a previously unknown vein which returned 0.50m at 2.47 g/t Au & 2.53 g/t Ag. Trenches RTR16042 & 16045 were completed to test for extensions of this new vein but failed to return any significant mineralisation.

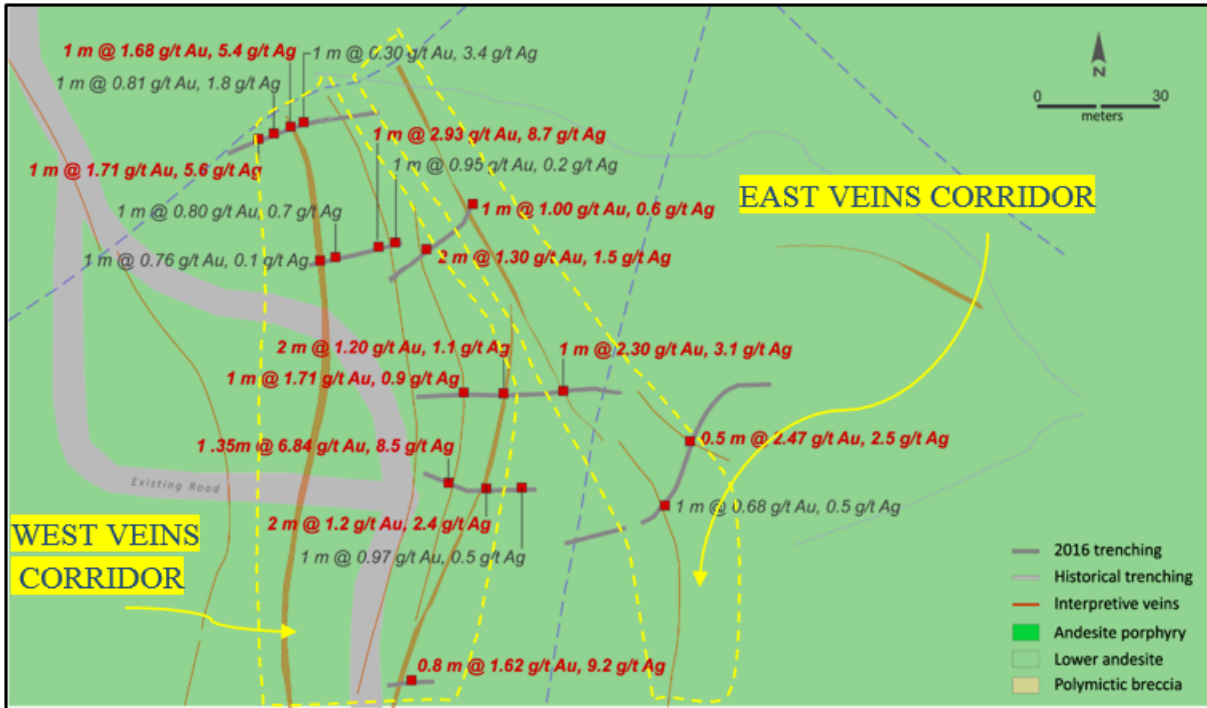


Figure 14. Merin Target – Trench locations & selected assay results

Anang East Target

No exploration activities were conducted at the Anang East Target during the quarter.

Asmar NW Target

No new trenching was undertaken at the Asmar NW Target during the quarter. Field reviews of the previously completed activities discovered a new vein outcrop 25m from Trench RTR16025 which returned an encouraging 1m at 4.51g/t Au & 13.7g/t Ag (Photo 1). Further follow-up is planned for the coming quarter.



Photo 1: Asmar NW Target – Newly discovered vein outcrop returning 1.0m at 4.51g/t Au & 13.7g/t Ag.

Audit Target

A detailed review of historic exploration at the Audit Target was completed which highlighted the potential for more northerly orientated veining associated with structures controlling the andesite porphyry intrusives at Berenai, rather than the previously interpreted and drill targeted east-west orientated veining (Figure 15). The targeted area has a coincident gradient array IP anomaly which has not previously been explained.

Three trenches were completed during the quarter (RTR16036-16038) which intersected a northerly trending vein system and returned best intersections of 1.0m at 7.32 g/t Au & 2.93 g/t Ag and 1.0m at 2.07 g/t Au & 1.54 g/t Ag from Trench RTR16036, 0.30m at 14.5 g/t Au & 44.70 g/t Ag from Trench RTR16037 and 1.0m at 1.98 g/t Au & 1.05 g/t Ag from Trench RTR16038.

The completed trenches have confirmed that a mineralised northerly orientated vein set exist in the target area which would not have been tested by the historic N-S orientated drilling. Drilling to test this vein set and the historic IP anomaly will now be planned for 2017.

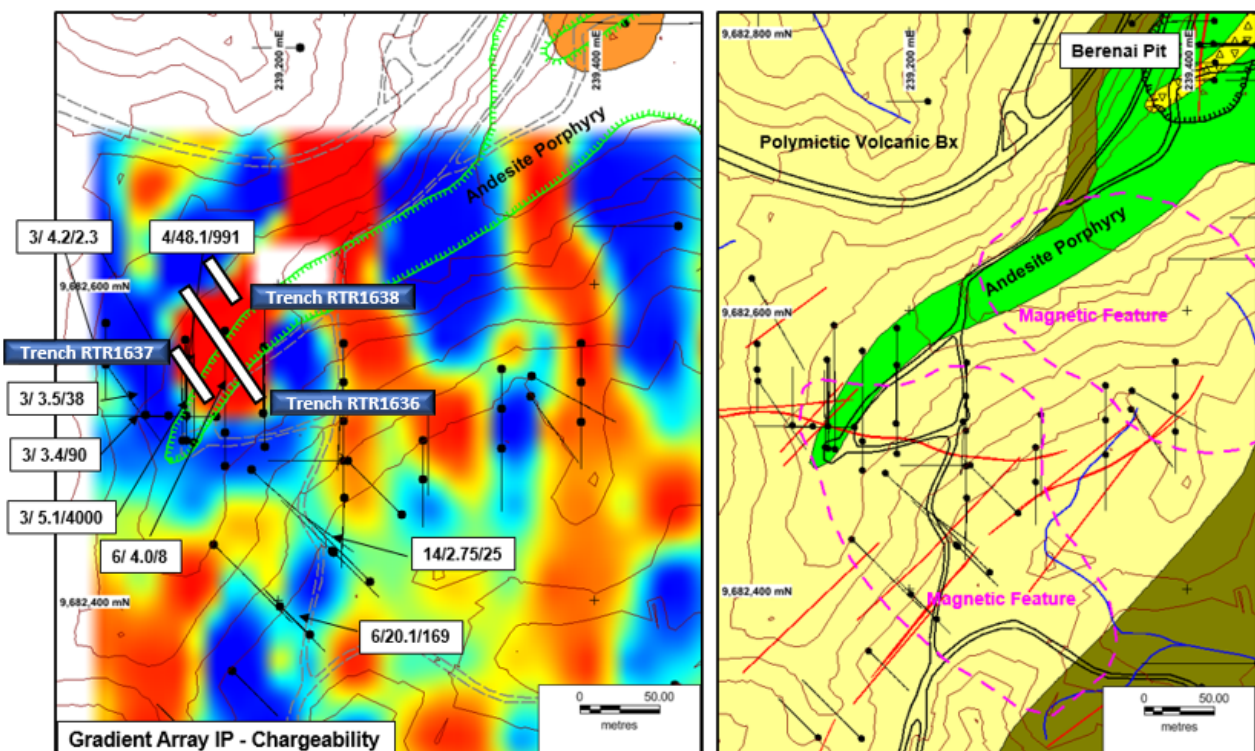


Figure 15. Audit Target – Gradient Array IP and geology showing historic drill results and 2016 trench positions.

Jenih & Belinau NE Targets

A 25m x 50m grid soil geochemical sampling program was completed over the Jenih – Bujang and Belinau NE target areas during the quarter. These sampling programs had commenced in previous quarters but had been delayed by land access negotiations.

Data validation and interpretation is underway with results expected early in the forthcoming quarter.

Regional Targets

Assessment of a number of “regional” targets commenced during the quarter with initial field visits conducted to both the Mutung and Pusan Bawah Targets. Both of these targets are located within 5km of the Tembang processing plant (Figure 16).

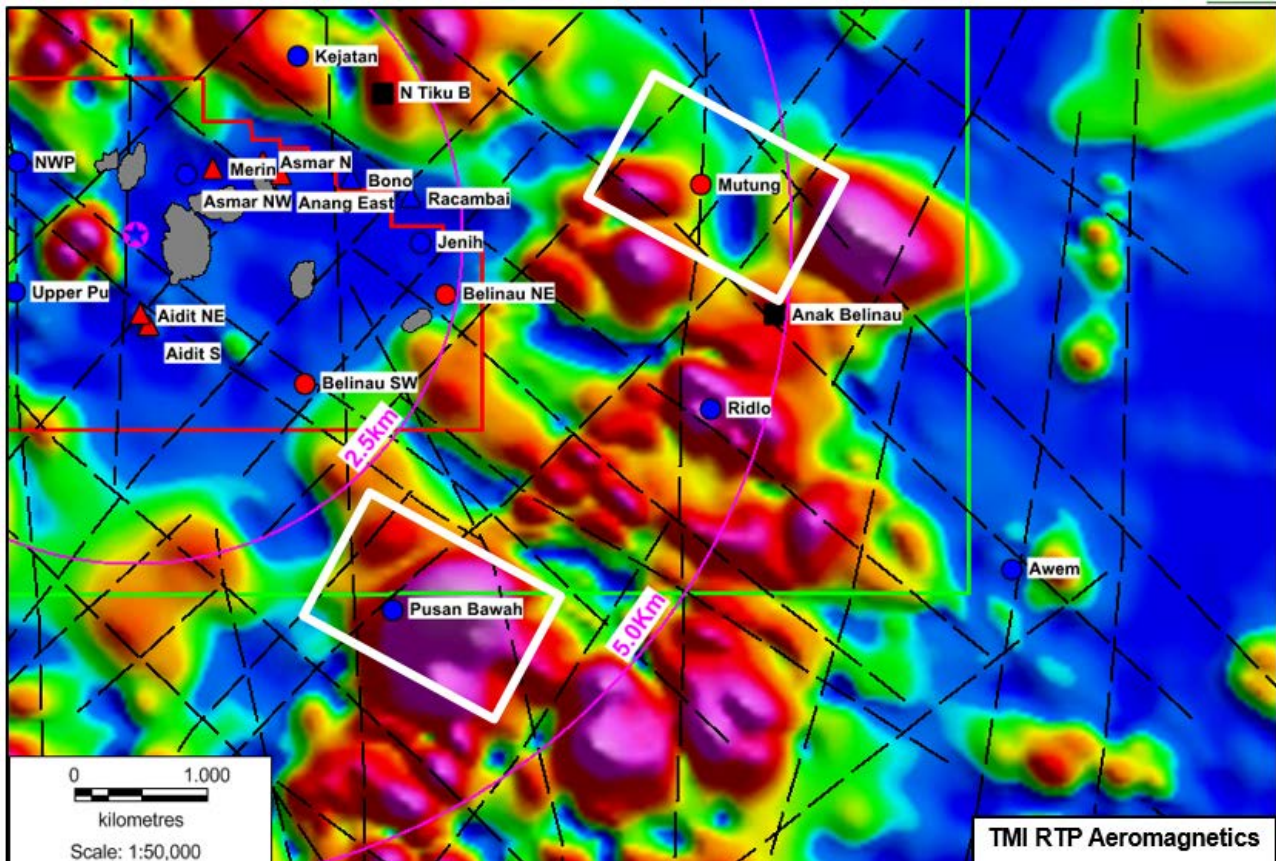


Figure 16. Location of regional targets highlighting Mutung and Pusan Bawah on TMI RTP aeromagnetics

The Mutung and Pusan Bawah Targets comprise extensive areas of stream sediment, rock chip and soil gold geochemistry that have not previously been followed up in any detail (Figure 17). The initial field visit was intended to investigate logistical issues prior to more detailed program planning. The area was found to be relatively flat with some alluvial workings noted in creek channels and the Pusan River.

At Mutung, epithermal quartz vein float was noted in a number of areas with 3 of the 5 samples taken returning assay results greater than 1g/t Au and with a best result of 2.52g/t Au & 16.5g/t Ag. At Pusan Bawah, epithermal quartz veining was noted in an outcrop of andesite lava with a single rock chip sample returning 1m at 1.01g/t Au & 1.27g/t Ag (Photo 2).

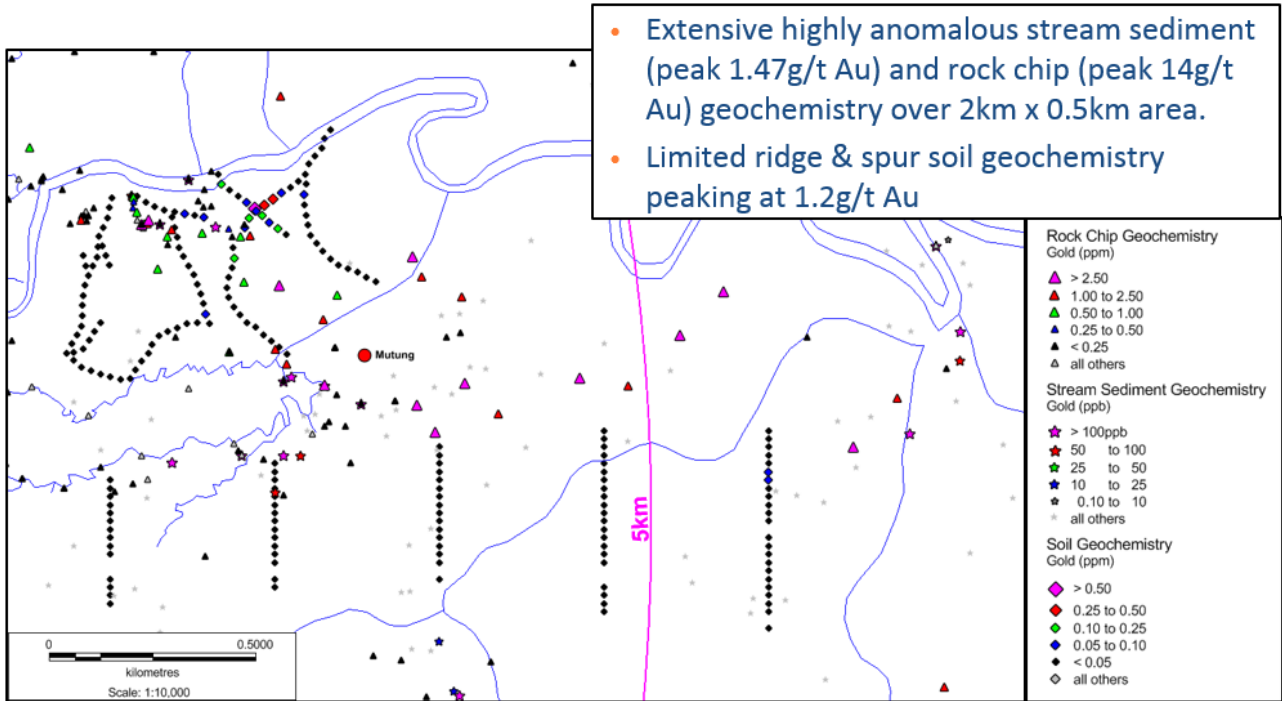


Figure 17. Mutang target – Stream, soil and rock chip gold geochemistry



Photo 2. Pusan Bawah Target – Epithermal veining in outcrops of andesitic lava.

March 2017 Quarter - Planned Activities

Exploration activities for the March 2017 quarter will focus on completing the current trenching programs and following-up soil geochemical results as warranted. This work will lead to target selection and drill program planning for the 2017 dry season.

Finance

Cash and cash equivalents

Cash and cash equivalents at 31 December 2016 were US\$2.5 million with bullion on hand at the end of the quarter with a value of US\$1.88 million.

Gold Sales and Hedging

A total of 7,394 oz of gold and 100,150 oz of silver were sold at an average price of US\$1,217/oz and US\$16.71/oz respectively for total revenue of US\$10.672 million as follows:

- 5,250 oz of gold were delivered into hedges at a price of US\$1,108.50/oz and 42,900 oz of silver were delivered into hedges at a price of US\$14.47/oz.
- Loss on hedging for the quarter totalled US\$0.620 million.

There were no new gold or silver hedges entered into during the quarter.

As part of the Amended Finance Facility (refer to ASX Announcement 23 December 2016 and the section below "Amended Senior Secured Finance Facility") the Company's hedging arrangements were amended such that 50% of the net out-of-the money value on the six monthly deliveries commencing on 31 October 2016 will be deferred, without interest, and must be repaid by 30 June 2017. The remaining 50% of the hedging arrangements will continue to be cash settled within 3 days of the due date. The balance (if any) is to be paid subsequent to the Major Equity Raise (as described below).

Table 3: Gold Sales for December 2016 Quarter

Sales	Gold sold (Au)			Silver sold (Ag)			Total US\$m
	oz Au	US\$/oz	US\$m	oz Ag	US\$/oz	US\$m	
Total sales	7,394	1,217	8.998	100,150	16.71	1.674	10.672

VAT Financing Facility

During the quarter the Company announced that it had executed a VAT Financing Facility with PT Bank UOB Indonesia for the provision of up to 60 billion Rupiah, or its equivalent in US dollars (approximately US\$4.6 million) as a prepayment of VAT claims lodged by the Company's subsidiary PT Dwinad Nusa Sejahtera with the Indonesian tax authorities (ASX Announcement 7 October 2016). The Company has drawn down an initial US\$3 million against the VAT Facility.

Amended Senior Secured Finance Facility

On 23 December 2016 the Company announced that it, and its wholly owned subsidiary PT Dwinad Nusa Sejahtera, had executed agreements with its lenders to amend the existing US\$45 million senior secured debt facility and warrants ("Amended Facility"), and with its major shareholders to support the Amended Facility and to convert or terminate their existing US\$7 million convertible notes, plus accrued interest,

in order to acquire additional equity in the Company. The key terms and conditions of the Amended Facility are as set out on the schedules to the Explanatory Statement in the Company's Notice of General Meeting dated 25 November 2016 and in the announcement of 23 December 2016.

The Amended Facility will improve the financial position of the Company by lowering the cost and amount of debt, and increasing short term cashflow.

In summary, the following key changes have been made to the senior secured debt facility:

- Subject to the Company conducting an "Initial Equity Raise" of US\$2.5 million by 31 January 2016:
 - reduction of interest rate to 7.5%;
 - conversion of outstanding redemption premium of approximately US\$6.0 million (accrued through a deferral of a portion of the interest rate) into up to US\$3 million of CDIs with the balance converted to a zero coupon, unsecured loan repayable upon maturity of the debt facility;
 - cancellation of 250,597,351 warrants for consideration of US\$4.05 million payable in CDIs; and
 - termination of the warrant deed.
- Subsequent to a second equity raise by the Company of a minimum of US\$12.5 million by 30 June 2017 ("Major Equity Raise") repayment of US\$10 million of the principal of the debt facility.

Both the Initial Equity Raise and the Major Equity Raise are conditions of the Amended Facility.

The Company's major shareholders have agreed to take-up any shortfall in the Initial Equity Raise and the Major Equity Raise. In addition, the major shareholders agreed to:

- convert all of their convertible notes in the Company to CDIs by no later than 30 June 2017, such notes comprising US\$7 million plus accrued interest; or
- should the convertible notes be redeemed prior to 30 June 2017, immediately apply the full proceeds from the redemption to a placement of CDIs at the lower of 90% of the volume weighted average price of CDIs during the 10 days immediately preceding the closing date of the Major Equity Raise and the price at which CDIs are issued in connection with the Major Equity Raise.

The Company also amended its gold hedging arrangements as described above in the section on Gold Sales and Hedging.

The Company has received shareholder approval for the Initial Equity Raise, cancellation of the warrants for consideration payable in CDIs and conversion of the redemption premium to CDIs (refer to ASX Announcement of 13 December 2016). Subsequent shareholder approval will be required, prior to 30 June 2017, for completion of the Major Equity Raise and conversion of convertible notes to CDIs.

Working Capital Facility

The Company has a Working Capital Facility Agreement with its major shareholders, Provident Minerals Pte Ltd and PT Saratoga Investama Sedaya Tbk, which was setup to provide interim funding pending the finalisation of a VAT funding facility (ASX Announcement 16 June 2016). The terms of the Facility were extended to create a long term loan and provide a further US\$1 million during the September quarter (ASX Announcement 21 September 2016).

During the quarter the Working Capital Facility was further extended by US\$1.125 million to a total of

US\$3.825 million (ASX Announcement 28 October 2016). The additional funds were used to top-up the Company's Debt Service Reserve Account (DSRA) following the Company's quarterly interest payment in September under its senior secured debt facility.

A further US\$1.375 million was provided under the Working Capital Facility at the end of the quarter to provide short-term funding until the Initial Equity Raise under the Amended Finance Facility as described in the prior section (refer to ASX Announcement of 23 December 2016). This additional amount of US\$1.375 million will be repaid from the proceeds of the Initial Equity Raise.

Capital structure

There were no CDIs issued during the quarter.

7,500,000 Performance Rights lapsed on 31.12.2016.

Table 4: CDI capital structure at 19 January 2017

CDI Holder	No. of CDIs	%
Provident Minerals Pte Ltd (3 holdings)	232,750,037	32.79
PT Saratoga Investama Sedaya (2 holdings)	185,278,580	26.11
Goldstar Mining Asia Resources (L) BHD/C	44,356,656	6.25
HSBC Custody Nominees (Australia) Limited	43,869,107	6.18
Yaw Chee Siew	24,972,309	3.52
Mrs Juliette M Buchanan	22,298,732	3.14
Citicorp Nominees Pty Limited	18,187,066	2.56
Berrafall Pty Ltd <Morris Hardwick S/F A/C>	7,500,000	1.06
BNP Paribas Noms Pty Ltd <UOB Kay Hian Priv Ltd DRP>	7,323,783	1.03
ABN Amro Clearing Sydney Nominees Pty Ltd <Custodian A/C>	6,816,098	0.96
Total Top 10 CDI Holders	593,352,368	83.60
Others	116,382,808	16.40
Total CDI's on issue as at 19 January 2017	709,735,176	100.00

Tenement Status (December 2016)

Category	Details
Company:	PT Bengkulu Utara Gold
Ownership:	70.00% SUM Singapore (Tandai) Pte Ltd 27.75% Sumatra Copper & Gold plc 2.25% PT Nusa Palapa Minerals
Type of Permit:	Mining Business Permit – IUP for Exploration
Permit Number:	Decree of the Chairman of Indonesia Investment Board (BKPM) No. 5 / 1 / IUP / PMA / 2016
Total Area:	14,044 Ha
Location:	Sub-district: Napal Putih, Padang Jaya, and Arga Makmur Regency : Bengkulu Utara Province : Bengkulu
Date Issued:	23 March 2016
Permit Period:	8 years to 21 December 2017

Category	Details
Company:	PT Dwinad Nusa Sejahtera
Ownership:	99.95% Sumatra Copper & Gold 00.05% Adi Adriansyah Sjoekri
Type of Permit:	Mining Business Permit – IUP for Operation Production
Permit Number:	Decree of Musi Rawas Regent Nr. 263/KPTS/DISTAMBEN/2012
Total Area:	9,979 Ha
Location:	Village : Suka Menang Sub-district: Karang Jaya Regency : Musi Rawas (Now is Musi Rawas Utara) Province : Sumatera Selatan
Date Issued:	04 April 2012
Permit Period:	20 years to 03 April 2032

Category	Details
Company:	PT Musi Rawas Gold
Ownership:	92.50% Sumatra Copper & Gold 07.50% PT Nusa Palapa Minerals
Type of Permit:	Mining Business Permit – IUP for Exploration
Permit Number:	Decree of Musi Rawas Regent Nr. 657/KPTS/DISTAMBEN/2012
Total Area:	9,848 Ha
Location:	Sub-district: Karang Jaya Regency : Musi Rawas (Now is Musi Rawas Utara) Province : Sumatera Selatan
Date Issued:	28 December 2012
Permit Period:	5 years to 27 December 2017

Tenure relinquished during the quarter

There was no tenure relinquished during the quarter.

For further information please contact:

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About Sumatra Copper & Gold plc

Sumatra Copper & Gold plc (ASX: SUM) is a gold and silver producer and precious metals explorer in southern Sumatra, Indonesia. The Company's flagship asset is its Tembang gold-silver mine, currently in production. The Company also has an extensive exploration portfolio with projects ranging from brownfield, near-production opportunities to strategically located greenfield holdings.

Competent Person's Statement – Exploration Results

The information in this report that relates to exploration results is based on information compiled by Mr Simon Rigby, who is a part time consultant to the Company and a Member of the Australian Institute of Geoscientists. Mr Rigby 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 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Rigby consents to the inclusion in this report of the matters based on his information in the form and context in which it appears.

Competent Person's Statement – Mineral Resources Asmar, Berenai, Siamang, Tembang-Anang and Bujang

The information in the report to which this statement is attached that relates to the Mineral Resource estimates for Asmar, Berenai, Tembang-Anang, Siamang and Bujang is based on information compiled by Mr Chris Black who is a member of the Australian Institute of Geoscientists and a full time employee of Cube Consulting. Mr Chris Black has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian code for reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Chris Black consents to the inclusion in the report of the matter based on his information in the form and context in which it appears.

Competent Person's Statement – Mineral Resources Buluh and Belinau

The information in the report to which this statement is attached that relates to the Mineral Resource estimate for Buluh and Belinau, is based on information compiled by Mr Robert Spiers who is a member of the Australian Institute of Geoscientists and a full time employee of H & S Consultants Pty Ltd. Mr Robert Spiers has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian code for reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Robert Spiers consents to the inclusion in the report of the matter based on his information in the form and context in which it appears.

Competent Person's Statement – Ore Reserves

The information in this report that relates to Open Pit and Underground Ore Reserves is based on information compiled by Mr Shane McLeay of Entech Pty Ltd, who is a Fellow of the Australasian Institute of Mining and Metallurgy. Mr McLeay 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 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr McLeay consents to the inclusion in this report of the matters based on his information in the form and context in which it appears.

Appendix 1: Tembang Project Mineral Resource Estimate

The Mineral Resource estimate, published on 18 May 2015, is in compliance with the JORC Code (2012 Edition). There have been no material changes to these Mineral Resource estimates since the date of this publication. During Q1 2017 the annual update of the Mineral Resource Estimate will be published.

Mineral Deposit	OPEN PIT (>0.5g/t Au)					
	Category	Tonnes	Au (g/t)	Ag (g/t)	Au (oz)	Ag (oz)
Asmar ⁽²⁾	<i>Measured</i>	-	-	-	-	-
	<i>Indicated</i>	1,636,000	1.2	20.6	64,000	1,082,000
	<i>Inferred</i>	1,509,000	1.4	11.9	68,000	577,000
	Total	3,145,000	1.3	16.4	132,000	1,659,000
Berenai ⁽⁴⁾	<i>Measured</i>	-	-	-	-	-
	<i>Indicated</i>	1,628,000	2.1	34.3	112,000	1,797,000
	<i>Inferred</i>	669,000	1.7	31.8	36,000	685,000
	Total	2,297,000	2.0	33.6	148,000	2,482,000
Buluh ⁽¹⁾	<i>Measured</i>	69,000	3.4	38.3	8,000	85,000
	<i>Indicated</i>	186,000	2.0	24.2	12,000	145,000
	<i>Inferred</i>	212,000	1.8	25.7	12,000	175,000
	Total	467,000	2.1	27.0	32,000	405,000
Siamang ⁽⁴⁾	<i>Measured</i>	60,000	2.5	48.3	5,000	94,000
	<i>Indicated</i>	178,000	2.1	28.0	12,000	160,000
	<i>Inferred</i>	190,000	1.8	22.0	11,000	134,000
	Total	428,000	2.0	28.0	28,000	388,000
Bujang ⁽⁴⁾	<i>Measured</i>	-	-	-	-	-
	<i>Indicated</i>	217,000	2.8	37.0	19,500	261,000
	<i>Inferred</i>	69,000	1.9	20.0	4,000	44,000
	Total	286,000	2.6	33.0	24,000	305,000
Tembang / Anang ⁽³⁾	<i>Measured</i>	-	-	-	-	-
	<i>Indicated</i>	170,000	2.5	29.3	13,500	160,000
	<i>Inferred</i>	55,000	2.1	29.9	4,000	53,000
	Total	226,000	2.4	29.4	17,500	214,000
Total (OP)	<i>Measured</i>	129,000	3.1	43.2	13,000	179,000
	<i>Indicated</i>	4,015,000	1.8	27.9	234,000	3,606,000
	<i>Inferred</i>	2,704,000	1.6	19.2	135,000	1,669,000
	Total	6,850,000	1.7	25.0	381,000	5,453,000

Mineral Deposit	UNDERGROUND (>2.78g/t Au)					
	Category	Tonnes	Au (g/t)	Ag (g/t)	Au (oz)	Ag (oz)
Belinau ⁽¹⁾	<i>Measured</i>	132,000	9.7	70.0	41,000	298,000
	<i>Indicated</i>	139,000	9.0	77.0	40,000	346,000
	<i>Inferred</i>	67,000	7.3	65.0	16,000	141,000
	Total	338,000	8.9	72.0	97,000	785,000
Grand Total (OP + UG)	Measured	261,000	6.4	56.7	54,000	477,000
	Indicated	4,172,000	2.1	29.7	274,000	3,952,000
	Inferred	2,771,000	1.7	20.2	151,000	1,810,000
	Total	7,204,000	2.1	27.0	478,000	6,257,000

Notes:

1: updated Nov, 2013 by Rob Spiers, Hellman & Schofield in compliance with JORC 2012

2: updated Nov, 2013 by Chris Black, Cube Consulting, in compliance with JORC 2012

3: updated March, 2014 by Chris Black, Cube Consulting in compliance with JORC 2012

4: updated March, 2015 by Chris Black, Cube Consulting in compliance with JORC 2012

Estimates have been rounded to the nearest 1,000 t, 0.1 g/t grade and 1,000 oz metal

Appendix 2: Tembang Project Ore Reserve Estimate

The Ore Reserve estimate is in compliance with the JORC Code (2012 Edition) and was published on 25 March 2014. There have been no material changes to these Ore Reserves estimates since the date of this publication. During Q1 2017 the Company will issue its annual update of its Ore Reserve Estimate as at 31.12.2016.

Deposit	Reserve Category	Ore	Grade	Contained Gold	Grade	Contained Silver
		Tonnes				
		('000t)	Au (g/t)	Au (oz)	Ag (g/t)	Ag (oz)
OPEN PIT ORE RESERVES						
Asmar	<i>Proved</i>	-	-	-	-	-
	<i>Probable</i>	733	1.6	38,000	24.8	585,000
Berenai	<i>Proved</i>	-	-	-	-	-
	<i>Probable</i>	710	2.2	51,000	31.8	726,000
Bujang	<i>Proved</i>	-	-	-	-	-
	<i>Probable</i>	56	3.7	7,000	57.2	102,000
Siamang	<i>Proved</i>	4	7.8	1,000	102.8	12,000
	<i>Probable</i>	31	7.6	8,000	61.6	61,000
Tembang Anang	<i>Proved</i>	-	-	-	-	-
	<i>Probable</i>	59	1.6	3,000	31.1	59,000
Total Open Pit	<i>Proved</i>	4	7.8	1,000	102.8	12,000
	<i>Probable</i>	1,588	2.1	106,000	30.0	1,534,000
	<i>Total</i>	1,592	2.1	107,000	30.2	1,546,000
UNDERGROUND ORE RESERVES						
Belinau	<i>Proved</i>	204	6.0	39,000	41.5	272,000
	<i>Probable</i>	214	5.1	35,000	44.4	306,000
	<i>Total</i>	418	5.5	74,000	43.0	578,000
TOTAL ORE RESERVES						
Tembang	<i>Proved</i>	208	6.0	40,000	42.5	284,000
	<i>Probable</i>	1,802	2.4	141,000	31.7	1,839,000
	<i>Total</i>	2,010	2.8	181,000	32.9	2,123,000

Calculations have been rounded to the nearest 1,000 t, 0.1 g/t grade and 1,000 oz. metal.

Appendix 3

JORC Code, 2012 Edition - TABLE 1:

The information in this table is relevant to all exploration and drilling activities currently taking place at taking place at the Tembang Project

Section 1: Sampling Techniques and Data

Criteria	JORC Code explanation	Commentary
Sampling techniques	<i>Nature and quality of sampling (e.g. cut channels, random chips, or specific specialised industry standard measurement tools appropriate to the minerals under investigation, such as down hole gamma sondes, or handheld XRF instruments, etc). These examples should not be taken as limiting the broad meaning of sampling.</i>	<ul style="list-style-type: none"> Reverse Circulation (RC) and Diamond Core (DC) drilling is used for both exploration and resource/reserve definition. Surface rock chip and soil sampling is used as the primary first pass exploration tools. Trench sampling involves collecting a continuous channel sample over selected intervals along the cleaned trench floor or wall Magnetic susceptibility measurements have been collected for some drill holes but is not a routine dataset.
	<i>Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used.</i>	<ul style="list-style-type: none"> Measurements of diamond core recovery are routinely taken and recorded against sample intervals. Diamond core samples are split with diamond saw and 50% collected for sampling. Reverse Circulation samples are collected and split at the drill site with triple tiered sample splitter resulting in a 12.5% or 1/8 split with an approximate sample weight of 2-3 kg. Drilling samples are collected continuously with minimum/maximum sample size of 0.5m and 2.0m respectively All visual mineralization is sampled including sampling past the perceived zone of mineralization and into fresh rock Surface geochemical samples are collected to best represent the trend of perceived mineralization ie. across the vein. Where topography allows, trenches are designed to be at right angles to the strike of mineralisation.

Criteria	JORC Code explanation	Commentary
	<p><i>Aspects of the determination of mineralisation that are Material to the Public Report. In cases where 'industry standard' work has been done this would be relatively simple (e.g. 'reverse circulation drilling was used to obtain 1 m samples from which 3 kg was pulverised to produce a 30 g charge for fire assay'). In other cases more explanation may be required, such as where there is coarse gold that has inherent sampling problems. Unusual commodities or mineralisation types (e.g. submarine nodules) may warrant disclosure of detailed information.</i></p>	<ul style="list-style-type: none"> • Mineralisation is associated to quartz vein lodes and 1m average sample size is collected (min/max sample sizes are 0.5m/2.0m for drilling) • All exploration drill samples are analysed for gold and silver with 50g fire assay for Au and 2-acid digestion with AAS finish for Ag • Grade control drill samples are analysed for gold and silver using 2 acid digestion and AAS finish. • Gold samples >50g/t Au are reanalysed with gravimetric method • Silver samples >100g/t Ag are reanalysed with 4-acid digestion with AAS finish • Surface samples are being assayed for Au and a standard multi-element ICP OES package that includes silver and common pathfinder minerals in epithermal systems
<p>Drilling techniques</p>	<p><i>Drill type (e.g. core, reverse circulation, open-hole hammer, rotary air blast, auger, Bangka, sonic, etc) and details (e.g. core diameter, triple or standard tube, depth of diamond tails, face-sampling bit or other type, whether core is oriented and if so, by what method, etc).</i></p>	<ul style="list-style-type: none"> • Diamond drilling uses HQ3 sized diamond drill core, triple-tube and 1.5m core barrels where required to improve recoveries • Digital core orientation techniques are used (Reflex-ACT and Pathfinder-Ori-Finder) • Reverse Circulation drilling uses standard double walled drill pipe and face sampling hammer
<p>Drill sample recovery</p>	<p><i>Method of recording and assessing core and chip sample recoveries and results assessed.</i></p>	<ul style="list-style-type: none"> • For diamond drilling, standard core recovery and RQD data is collected at the drill rig and based on drill runs (meter blocks) • For Reverse Circulation drilling, complete samples are weighed at the drill with a conventional balance
	<p><i>Measures taken to maximise sample recovery and ensure representative nature of the samples.</i></p>	<ul style="list-style-type: none"> • Triple/Split tubes are used along with 1.5m (short) drill runs with diamond drilling to improve sample recoveries • Drilling mud and additives professionals have been to site to plan suitable mud mixes and recommend techniques and materials to improve recoveries in low recovery zones
	<p><i>Whether a relationship exists between sample recovery and grade and whether sample bias may have occurred due to preferential loss/gain of fine/coarse material.</i></p>	<ul style="list-style-type: none"> • Diamond core recoveries of oxide quartz vein lodes is lower than in fresh rocks but generally the recoveries have been acceptable at >90% on average and no evidence of a grade bias due to variation in core recovery has been reported

Criteria	JORC Code explanation	Commentary
Logging	<i>Whether core and chip samples have been geologically and geotechnically logged to a level of detail to support appropriate Mineral Resource estimation, mining studies and metallurgical studies.</i>	<ul style="list-style-type: none"> Geotechnical and recovery data is collected at the drill with whole core and prior to transporting core to logging facility Reverse circulation chips samples are collected and logged at the drill by a geologist Logging is of a suitable standard to allow for detailed geological and resource modelling
	<i>Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc) photography.</i>	<ul style="list-style-type: none"> Core logging is completed at a suitable facility (on waist high inclined benches, in dry conditions and with sufficient natural light) Drill core is logged for Lithology, alteration, oxide, structure, veining and mineralization Standard nomenclature is used for logging and codes or abbreviations are used to input into a database Historically, core logging has been collected manually on A3 paper sheets and is currently transitioning to digital data collection with a commercially available software, GeoSpark Trenches are geologically mapped prior to sampling to provide control
	<i>The total length and percentage of the relevant intersections logged.</i>	<ul style="list-style-type: none"> 100% of drill holes are logged Selective sampling is utilized based on geological descriptions and presence or lack of visual mineralization All mineralized intervals are sampled Complete mineralized / hydrothermally altered zone is sampled both before and after (start and finish sample run in "fresh" rock)
Sub-sampling techniques and sample preparation	<i>If core, whether cut or sawn and whether quarter, half or all core taken.</i>	<ul style="list-style-type: none"> HQ diameter diamond drill core is sawn and 50% collected for sampling. The remaining 50% is stored on site in a core storage facility
	<i>If non-core, whether riffled, tube sampled, rotary split, etc and whether sampled wet or dry.</i>	<ul style="list-style-type: none"> Reverse circulation samples are collected on a per meter basis and split at the drill with a manual triple tired sample splitter resulting in a 12.5% or 1/8 split (2-3 kg sample)
	<i>For all sample types, the nature, quality and appropriateness of the sample preparation technique.</i>	<ul style="list-style-type: none"> Sample size aims at a 2-3kg representative sample Exploration samples are sent to Intertek Labs (Jakarta) where the sample prep package includes; drying at 105°C, crushing (jaw crusher to 95% <5mm),pulverising (LM5 pulveriser to 95% <75um)

Criteria	JORC Code explanation	Commentary
		<ul style="list-style-type: none"> Grade control drilling samples are sent to an on-site laboratory operated by an independent contractor. Samples are dried to 105°C, jaw crushed to 95% passing <5mm, pulverised by LM5 to 95% passing <75um.
	<p><i>Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples.</i></p>	<ul style="list-style-type: none"> Standard industry practice Quality Assurance-Quality Control procedure includes insertion of; Field Blanks (1/30) Field Duplicates (1/30) Standards (1/30)
	<p><i>Measures taken to ensure that the sampling is representative of the in situ material collected, including for instance results for field duplicate/second-half sampling.</i></p>	<ul style="list-style-type: none"> Lab results include analyses for replicates and duplicates Historically, procedure included re-analysis of sample pulps at primary Lab (~5%) Future procedure will include re-analysis of sample pulps at an Umpire Lab (~5%)
	<p><i>Whether sample sizes are appropriate to the grain size of the material being sampled.</i></p>	<ul style="list-style-type: none"> Gold mineralization in low sulphidation deposits is typically erratic (high grade - narrow vein) Tembang mineralization is not considered to have a high nugget effect
Quality of assay data and laboratory tests	<p><i>The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total.</i></p>	<ul style="list-style-type: none"> Other than grade control drilling, all sample analysis is completed at a commercial analytical laboratory; Intertek Testing Services laboratory (Jakarta) <ul style="list-style-type: none"> Au is analysed by 50g fire assay technique and considered total Ag is analysed by 2-acid digestion with AAS finish and considered total Since the establishment of an on-site laboratory in late 2015, grade control drilling samples and exploration rock chip samples are assayed on-site. <ul style="list-style-type: none"> Samples are fully prepped Gold & silver analysis is by two acid digest and AAS finish
	<p><i>For geophysical tools, spectrometers, handheld XRF instruments, etc, the parameters used in determining the analysis including instrument make and model, reading times, calibrations factors applied and their derivation, etc.</i></p>	<ul style="list-style-type: none"> Not Applicable
	<p><i>Nature of quality control procedures adopted (e.g. standards, blanks, duplicates, external laboratory checks) and whether acceptable</i></p>	<ul style="list-style-type: none"> Standard industry practice Quality Assurance-Quality Control procedure includes insertion of; Field Blanks (1/30) Field Duplicates (1/30) Standards (1/30)

Criteria	JORC Code explanation	Commentary
	<i>levels of accuracy (i.e. lack of bias) and precision have been established.</i>	<ul style="list-style-type: none"> Results of certified reference material "standards" indicate no lab bias
Verification of sampling and assaying	<i>The verification of significant intersections by either independent or alternative company personnel.</i>	<ul style="list-style-type: none"> Calculations of significant intersections are carried out by qualified geology professional and reviewed by a Competent Person
	<i>The use of twinned holes.</i>	<ul style="list-style-type: none"> 18 twin holes were completed in 2008 to compare historical RC data with recent diamond drilling Additional twinning will be undertaken as required as new resources are developed
	<i>Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols.</i>	<ul style="list-style-type: none"> Historically, data has been collected via MS excel tables and MS Access database More recently, a commercially available data collection and management software; GeoSpark has been purchased Data is backed-up on a network server at the project site and the Jakarta head office Physical Drill Logs and Assay Certificates are stored on site
	<i>Discuss any adjustment to assay data.</i>	<ul style="list-style-type: none"> To date, there have been no adjustments made to assay data. Some historical RC drill holes are considered invalid due to suspected downhole smearing, likely caused by RC drilling in wet conditions. These holes may have manual adjustments made to the assays to better reflect an interpreted interval of representative of mineralization and still allow the drill hole to be included as inferred resources. Current JORC 2012 compliant Mineral Resources are reported without RC data
Location of data points	<i>Accuracy and quality of surveys used to locate drill holes (collar and down-hole surveys), trenches, mine workings and other locations used in Mineral Resource estimation.</i>	<ul style="list-style-type: none"> In 2007 SCG commissioned PT Geoservices to complete a topographic survey of the Tembang post-mining surface. A set of survey beacons was established tied to the Indonesian UTM national grid. From the pick-up of old drill collar markers and infrastructure a correction factor was established to adjust the existing BTM data to true UTM coordinates. All drill collars are surveyed (picked up) by company surveyors using NIKON TOTAL STATION, DTM-352 equipment and tied to control points set out in 2007 survey. All drill holes collect down hole survey data with a single shot camera. Drill holes are not considered to be very deep and ground conditions relatively

Criteria	JORC Code explanation	Commentary
		<p>uncomplicated, as a result drill hole deviation has not been a problem</p> <ul style="list-style-type: none"> Historically, all drill holes were surveyed down hole every 50m Currently, down hole surveys are collected every 25m with an aim to collect at least 3 points per hole in shorter holes
	<i>Specification of the grid system used.</i>	<ul style="list-style-type: none"> All coordinates are quoted in WGS 84 UTM-UTS Zone 48 South
	<i>Quality and adequacy of topographic control.</i>	<ul style="list-style-type: none"> Day to Day topography is completed with Total Station equipment for surveying of project surface data including drill collars A drone (UAV) survey is planned to improve accuracy of topography inside pits/pit walls
Data spacing and distribution	<i>Data spacing for reporting of Exploration Results.</i>	<ul style="list-style-type: none"> Drill spacing has generally aimed at; 50m x 50m for Inferred resources, 25m x 25m for Indicated resources and <25m x <25m spacing for Measured resources
	<i>Whether the data spacing and distribution is sufficient to establish the degree of geological and grade continuity appropriate for the Mineral Resource and Ore Reserve estimation procedure(s) and classifications applied</i>	<ul style="list-style-type: none"> The mineralisation and geology show good continuity from hole to hole and is sufficient to support the definition of a Mineral Resource or Ore Reserve and the classifications contained in the JORC Code (2012 Edition).
	<i>Whether sample compositing has been applied.</i>	<ul style="list-style-type: none"> Sample compositing is only applied during the resource estimation process and is typically done on 1m intervals to reflect the average samples interval size and relatively narrow nature of the mineralized lodes
Orientation of data in relation to geological structure	<i>Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type.</i>	<ul style="list-style-type: none"> Drill holes are planned to intersect quartz vein lodes as close to perpendicular as logistically possible An attempt has been made to orient diamond drill core however broken core or "bad ground" prohibits orientation process
	<i>If the relationship between the drilling orientation and the orientation of key mineralised structures is considered to have introduced a sampling bias, this should be assessed and reported if material.</i>	<ul style="list-style-type: none"> No material sampling bias is considered to have been introduced by the drilling direction.
Sample Security	<i>The measures taken to ensure sample security.</i>	<ul style="list-style-type: none"> Drill core and chip samples are transported from the drill sites to the drill core and sample processing facility at Tembang Exploration Camp. Geology professionals complete logging and select sample intervals and supervise

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		<p>photography and sample preparation procedures</p> <ul style="list-style-type: none"> All samples for assay are bagged in numbered calico sample bags which are then sewn in to polyweave bags for transport. Samples are dispatched to the assay lab in Jakarta in a private vehicle (local contractor) Samples are driven to Jakarta (~2 days by road/ferry) Samples are received by Intertek personnel and custody of samples is handed over by signing and a sample receipt form Intertek advises by electronic mail that the samples have been delivered/received and a physical copy of receipt is returned to project for filing
Audits or reviews	<i>The results of any audits or reviews of sampling techniques and data.</i>	<ul style="list-style-type: none"> External Resource consultants, H&S Consultants and Cube Consulting visited the project in 2013 as part of JORC compliancy for reporting of mineral resources Behre Dolbear Australia (BDA) reviewed the drilling data in 2014 as part of external audit of definitive feasibility study (2014)

Section 2: Reporting of Exploration Results

Criteria	JORC Code explanation	Commentary
Mineral tenement and land tenure status	<i>Type, reference name/number, location and ownership including agreements or material issues with third parties such as joint ventures, partnerships, overriding royalties, native title interests, historical sites, wilderness or national park and environmental setting.</i>	<p>Permit Number: Decree of the Chairman of Indonesia Investment Board (BKPM) No. 5 / 1 / IUP / PMA / 2016</p> <ul style="list-style-type: none"> Company: PT Bengkulu Utara Gold Ownership: <ul style="list-style-type: none"> 70.00% SUM Singapore (Tandai) Pte Ltd 27.75% Sumatra Copper & Gold plc 2.25% PT Nusa Palapa Minerals Type of Permit: Mining Business Permit – IUP for Exploration Total Area: 14,044 Ha Location: Subdistrict: Napal Putih, Padang Jaya, and Arga Makmur Regency : Bengkulu Utara Province : Bengkulu Date Issued: 23 March 2016 Expiry: 21 December 2017

Criteria	JORC Code explanation	Commentary
		<p>Permit Number: Decree of Musi Rawas Regent Nr. 263/KPTS/DISTAMBEN/2012</p> <ul style="list-style-type: none"> • Company: PT Dwinad Nusa Sejahtera • Ownership: <ul style="list-style-type: none"> ○ 99.95% Sumatra Copper & Gold ○ 00.05% Adi Adriansyah Sjoekri • Type of Permit: Mining Business Permit – IUP for Operation Production • Total Area: 9,979 Ha • Location: Village: Suka Menang • Subdistrict: Karang Jaya • Regency : Musi Rawas (Now is Musi Rawas Utara) • Province: Sumatera Selatan • Date Issued: 04 April 2012 • Expiry: 3 April 2032 <p>Permit Number: Decree of Musi Rawas Regent Nr. 657/KPTS/DISTAMBEN/2012</p> <ul style="list-style-type: none"> • Company: PT Musi Rawas Gold • Ownership: <ul style="list-style-type: none"> ○ 92.50% Sumatra Copper & Gold ○ 07.50% PT Nusa Palapa Minerals • Type of Permit: Mining Business Permit – IUP for Exploration • Total Area: 9,848 Ha • Location: Subdistrict: Karang Jaya • Regency : Musi Rawas Utara • Province: Sumatera Selatan • Date Issued: 28 December 2012 • Expiry : 27 December 2017
	<p><i>The security of the tenure held at the time of reporting along with any known impediments to obtaining a licence to operate in the area</i></p>	<ul style="list-style-type: none"> • No known impediments to the security of any tenure. Confirmed with CnC certification from the ESDM (Mines Department). The Company has all required permitting for its Tembang operation: mine (IUP Operation and Production), Forestry (no overlap with Parks), and Environmental License (including B3 tailing on small TSF).
<p>Exploration done by other parties</p>	<p><i>Acknowledgement and appraisal of exploration by other parties</i></p>	<ul style="list-style-type: none"> • Rio Tinto 1983-1984 • Barisan Tropical Mining 1987 – 1990 • Laverton NL 1997 - 2000
<p>Geology</p>	<p><i>Deposit type, geological setting and style of mineralisation</i></p>	<ul style="list-style-type: none"> • Low sulphidation epithermal veins, stockworks and breccias hosted in pyroclastic and volcanoclastic rocks of Late Oligocene to Early Miocene age

Criteria	JORC Code explanation	Commentary
Drill hole information	<p><i>A summary of all information material to the understanding of the exploration results including a tabulation of the following information for all Material drill holes:</i></p> <ul style="list-style-type: none"> <i>• easting and northing of the drill hole collar</i> <i>• elevation or RL (Reduced Level— elevation above sea level in metres) of the drill hole collar</i> <i>• dip and azimuth of the hole</i> <i>• down hole length and interception depth</i> <i>• hole length.</i> 	<ul style="list-style-type: none"> All required drill hole information is tabulated and reported with all drilling results within the body of this report.
	<p><i>If the exclusion of this information is justified on the basis that the information is not Material and this exclusion does not detract from the understanding of the report, the Competent Person should clearly explain why this is the case</i></p>	<ul style="list-style-type: none"> There are no exclusions claimed.
Data aggregation methods	<p><i>In reporting Exploration Results, weighting averaging techniques, maximum and/or minimum grade truncations (eg cutting of high grades) and cut-off grades are usually Material and should be stated.</i></p>	<ul style="list-style-type: none"> All reported drilling or continuous rock chip sample results are length weighted. No upper cut-off is applied to pure exploration results.
	<p><i>Where aggregate intercepts incorporate short lengths of high grade results and longer lengths of low grade results, the procedure used for such aggregation should be stated and some typical examples of such aggregations should be shown in detail.</i></p>	<ul style="list-style-type: none"> A maximum 1m internal dilution is included for the reporting of drill hole intersections
	<p><i>The assumptions used for any reporting of metal equivalent values should be clearly stated</i></p>	<ul style="list-style-type: none"> Metal equivalent values are not routinely reported for exploration results, but if they are reported they are for gold and silver only and the calculation variables (gold and silver prices and exchange rates used) are reported alongside the tabulated results.
Relationship between mineralisation	<p><i>If the geometry of the mineralisation with respect to the drill hole angle is known, its nature should be reported.</i></p>	<ul style="list-style-type: none"> Where the geometry of the mineralisation and the drill hole is known, both the down-hole and true widths are reported

Criteria	JORC Code explanation	Commentary
widths and intercept lengths	<i>If it is not known and only the down hole lengths are reported, there should be a clear statement to this effect (eg down hole length, true width not known').</i>	<ul style="list-style-type: none"> • A clear statement is included with the reporting of exploration results whether the intersections are down hole or true width.
Diagrams	<i>Appropriate maps and sections (with scales) and tabulations of intercepts should be included for any significant discovery being reported. These should include, but not be limited to a plan view of drill hole collar locations and appropriate sectional views</i>	<ul style="list-style-type: none"> • Full reporting of results and plan and sectional views of drill results are included within the body of the report.