2015

SUMATRA COPPER & GOLD PLC ANNUAL REPORT

FOR THE YEAR ENDED 31 DECEMBER 2015

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REGISTRATION NUMBER 5777015

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Stephen Daniel Robinson (Non-Executive Chairman)
David Fowler (Managing Director)
Adi Adriansyah Sjoekri (Executive Director)
Jocelyn Severyn de Warrenne Waller (Non-Executive Director)
Gavin Arnold Caudle (Non-Executive Director)

COMPANY SECRETARY
Mark Satterly (United Kingdom) – appointed 31 July 2015
Susan Hunter (Australia)

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ASX CODE
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Sumatra Copper & Gold plc (ASX: SUM), an Indonesian gold and silver mining company with a significant growth portfolio, had a successful 2015 year culminating in the commissioning of its flagship Tembang gold-silver mine.

Highlights for the calendar year 2015 were:

- Commencement of mining operations at the Tembang Gold-Silver Project in August 2015
- Practical completion of the Tembang processing plant on 7 September 2015, under budget and eight weeks ahead of schedule
- First gold pour on 29 September 2015
- Production of 2,954 oz of gold and 66,219 oz of silver
- Mineral Resource expansions at Berenai, Siamang and Bujang
- Equity raise of US$5 million and Tranche 2 debt drawdown of US$5 million successfully completed

Tembang Processing Plant

Our Vision *– To be the best mid-tier gold producer in Indonesia in terms of value creation for shareholders, employees and the communities in which we operate.*

Our Mission *- As a Company and team we are dedicated to the exploration and development of sustainable mineral projects.*

We aim to grow our business to create value for stakeholders involved with the Company.

We continually challenge the way in which we operate through the implementation of best practices in everything we do.

We are committed to improving efficiencies to maintain and reduce our operating costs.

We invest in the development of our employees to achieve our objectives.

We seek to explore, develop and operate our projects safely with minimal impact on the environment.

Dear Fellow Shareholder

2015 was a landmark year for Sumatra Copper & Gold plc ("the Company") with the commencement of operations at our Tembang Gold-Silver Project in Sumatra, Indonesia during September. The processing plant was commissioned under budget and eight weeks ahead of schedule.

Our safety record has been exemplary, with no Lost Time Injuries (LTIs) occurring during, or subsequent to, the project development. At the end of the year, the Company had completed 1,873,036 man hours LTI-free since recommencing construction at Tembang in November 2014.

Open pit mining commenced in July 2015 with an initial focus on free dig material from open pits to provide low grade material for mill commissioning. The effort at our flagship Belinau underground mine was on portal establishment and accessing high grade ore as quickly as possible. The processing plant rapidly ramped up its throughput rate and within a few weeks following commissioning was operating at, or above, its nameplate capacity of 400,000 tonnes per annum. The Company produced 2,954 oz of gold and 66,219 oz of silver from the end of September to 31 December 2015.

Gold and silver head grade delivered to the processing plant increased progressively through October to December 2015 as higher grade ore was accessed from Belinau and the open pits. Steady state production is expected during the June 2016 quarter.

The Tembang project development has not been without its challenges. There were a number of illegal roadblocks setup by artisanal miners and an incident in August 2015 when a security post and 2 buildings were destroyed. We have worked successfully with local authorities to reduce illegal mining activity within the Tembang site, transitioning artisanal miners and land occupants to other activities. To date, the Company has trained and employed over 160 local workers. We also are working closely with the local community to maximise regional business opportunities and fund and implement community development programs. These activities have focused on health, education and economic initiatives.

The Company supplemented its working capital in December 2015 with a US$5 million convertible note issue to its major shareholder Provident Minerals Pte Ltd. This was necessitated by the shortfall in supply of high grade ore during the fourth quarter of 2015 due to the combined effect of the early commissioning, rapid ramp-up of the processing plant and delayed delivery of explosives. A delay to the expected timing of VAT refunds exacerbated the working capital shortfall. In March 2016 our major shareholders, Provident Minerals Pte Ltd and PT Saratoga Investama Sedaya Tbk, again demonstrated their continued support by amending the convertible note agreement to provide a further US$2 million to fund debt service reserve and interest payments due at the end of March 2016, such that the Company can preserve its working capital for operational expenses.

On behalf of Board, I commend the leadership and commitment of our Managing Director, Mr David Fowler, his executive team and our Indonesian workforce for their outstanding achievements to date. We also acknowledge the significant accomplishment of the Tembang project team, led by Warren King, that so successfully completed the project under budget and ahead of schedule, and the operations team led by COO Don Harper.

Once again, the ongoing support of our major shareholders, suppliers, contractors and the local community has been pivotal to us achieving producer status during 2015. The Board extends its gratitude to all stakeholders. I also thank my fellow directors for their hard work and support.

S. Robinson

Stephen Robinson

Non-Executive Chairman

Review of Operations

The Company recommenced construction at its Tembang Gold-Silver Project, located in southern Sumatra, Indonesia, (“Tembang”) in November 2014 and achieved practical completion and first gold pour during September 2015, 8 weeks ahead of schedule. Open pit mining commenced in July 2015, with low grade material fed to the plant for commissioning. Underground development and mining commenced in September 2015. Tonnage and grade continued to increase through the March 2016 quarter as both underground and open pit development further advanced.

Production Summary

Tembang Operations – Key Production Statistics

Tembang Operations	Unit	Sept Qtr 2015	Dec Qtr 2015	Full year 2015
Underground mining				
Ore mined	tonnes	0	8,439	8,439
Mined grade	g/t Au	0	5.53	5.53
	g/t Ag	0	131.92	131.92
Contained metal	oz Au	0	1,500	1,500
	oz Ag	0	35,793	35,793
Open pit mining				
Ore mined	tonnes	13,194	80,257	93,451
Mined grade	g/t Au	0.57	1.25	1.16
	g/t Ag	7.15	35.36	31.38
Contained metal	oz Au	243	3,237	3,480
	oz Ag	3,035	91,244	94,279
Mill production				
Ore milled	tonnes	13,194	80,257	93,451
Mill grade	g/t Au	0.57	1.25	1.16
	g/t Ag	7.15	35.36	31.38
Contained metal	oz Au	243	3,237	3,480
	oz Ag	3,035	91,244	94,279
Recovery	% Au	86.83	84.74	84.88
	% Ag	73.38	70.13	70.24
Recovered gold	oz Au	211	2,743	2,954
Recovered silver	oz Ag	2,227	63,992	66,219
Gold & silver sales				
Gold sold	oz Au	0	804	804
Silver sold	oz Ag	0	32,151	32,151
Inventory at end of year				
Ore stocks	oz Au	0	142	142
	oz Ag	0	4,372	4,372
Metal in Circuit	oz Au	203	770	770
	oz Ag	2,116	15,675	15,675
Finished product	oz Au	8	1,331	1,331
	oz Ag	111	17,717	17,717

Tembang Project Construction and Commissioning

After completing a bankable feasibility study in September 2012 the Company raised US$19.7 million in equity and commenced construction at Tembang in June 2013. However, during 2013 the gold price fell from a high of US$1,690 per ounce to US$1,200 per ounce. As a result the Company was unable to complete debt funding and construction at Tembang was suspended in December 2013 after project expenditure of approximately US$15 million. Key works conducted during the initial period of construction were: access road upgrade, construction of a 300-man camp, construction of the main administration buildings at the plant site, commencement of explosive magazine construction, detailed engineering design (90%), erection of the six main leach tanks and fitting of the apron feeder. All major equipment items, except for electrical components, were ordered.

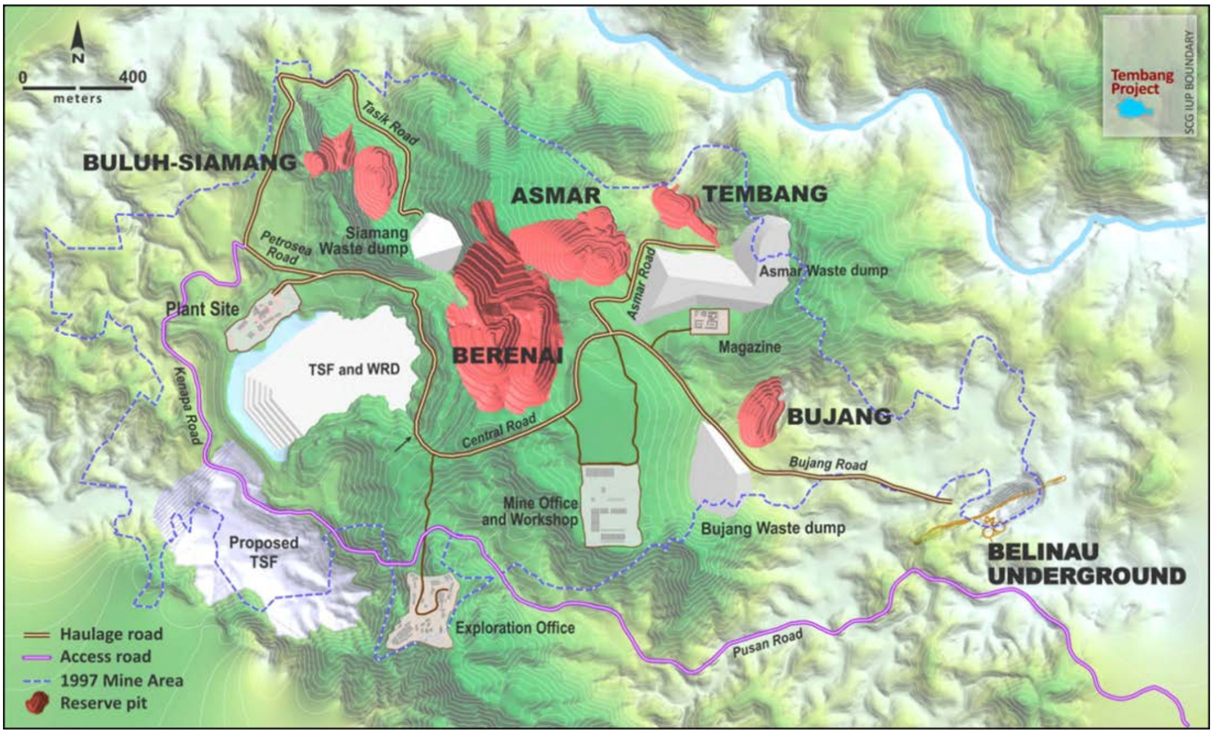
Accommodation village – Camp Kotamas

Following a further drilling campaign, funded by US$4 million in convertible notes, to define additional Measured and Indicated Resources, the Company announced updated Mineral Resources and Ore Reserves in March 2014 and in April 2014 published a revised Definitive Feasibility Study. The DFS was based on a five-year plan, mining Ore Reserves at a nameplate plant throughput rate of 400,000 tpa to produce a total of 169,000 ounces of gold and 1.8 million ounces of silver.

In October 2014 the Company obtained a senior secured debt facility of up to US$45 million. Following drawdown of Tranche 1 of the debt facility (US$40 million), the Company recommenced construction at Tembang on 21 November 2014. The Project was scheduled to achieve first gold pour in November 2015, 12 months after construction recommenced. However, practical completion was reached on 7 September 2015 with the first gold pour on 29 September 2015, eight weeks ahead of schedule. The plant was completed under budget with overall project costs on budget at approximately $36.6 million (from re-commencement of construction in November 2014).

Process Plant Operations and Project Team shortly after hand-over

Mining and Processing



Mining areas and key infrastructure at Tembang

Open pit mining commenced in July 2015 with free dig material from the Buluh, Siamang, Bujang and Berenai open pits to provide low grade material for mill commissioning. Pit dewatering at Belinau and Bujang was completed in September and dewatering of Berenai continued while mining was conducted above the waterline. The Asmar open pit was progressively introduced to the run-of-mine feed during the December quarter. Decline development at the Belinau underground mine commenced in September 2015.

A delay in the delivery of explosives to August 2015, combined with the early mill start-up, meant that lower grade ore continued to be fed to the mill to end of October 2015. As higher grade ore was progressively accessed through development at Berenai and Belinau, head grades improved. The Belinau mine plan was re-optimised through the development of a small cutback to the south of the existing Belinau pit to provide a second access to the Belinau underground orebody, which provided further opportunity to access higher grade ore sooner than the original mine plan.

Two further cutbacks were established on Level 1, at Belinau West and Belinau East, to gain early ore where the main Belinau vein had been exposed following dewatering of the pit. Stoping has been completed on Level 1 and is currently underway on Level 2. Ore development on level 3 is continuing. Currently development of the main decline is continuing towards level 4.

Board & management with new underground loaders

Decline development at Belinau underground

The processing plant ramped up rapidly post-commissioning and achieved nameplate capacity of 50 tonnes per hour (400,000 tonne per annum) during October 2015. Gold recoveries are as expected for the gold feed grade. Silver recovery has been below target due to higher than expected silver grade coupled with operating issues with the oxygen dosing plant and the high clay feed blend from Asmar. A series of initiatives are underway at the plant to improve silver recoveries; during the first quarter of 2016 silver recovery has increased towards target levels. Mill availability has been high, currently at 96.5%, with mill utilisation at times constrained by ore feed. Ramp up of mining operations has continued into the first quarter of 2016 with increasing head grades and access to higher volumes of high grade ore through development at Belinau and Berenai.

Tembang Development Plan

The Tembang operation is based on the five open pit mines at Berenai, Asmar, Tembang, Buluh-Siamang and Bujang, with the Belinau underground mine developed via decline from the historic Belinau pit. The life-of-mine plan processes approximately 400,000 tonnes per annum through the carbon-in-leach (CIP) processing plant with a reserve life of five years. The Company expects to define additional resources at Tembang which may extend the mine life, as described in the section on exploration.

The underground mine plan for Belinau provides access to the vein lenses via decline from surface. The decline has been developed from inside the existing Belinau open pit at approximately 1047mRL, well above the pit bottom to deal with high intensity rainfall events, which are common in the region, and at the date of this report had advanced approximately 280m. The total length of the decline will be approximately 1,360 metres with a 1-in-7 gradient taking the mine to a depth of around 235 metres. Mining is by long-hole stoping with backfill, retreating from the vein limits back to the access crosscut. The mining method is a combination of top down conventional stoping along to the west and to the east and a slight variation to the typical Avoca or bench stoping method, with a 3m bench cut into the ore drive floor on each planned cemented aggregate fill ('CAF') level. The mining method reflects the vertical nature of the wall rock and competent host rock either side of the vein. It is expected that approximately 40% of ore production will be from development and 60% from long-hole stoping. Development and operations at Belinau are currently on an 'owner-operator' basis.

The mine plan for the open pit deposits was amended given the delay in explosives permitting and clearing of illegal miners. Production commenced at Buluh, Siamang, Bujang and Berenai to provide low grade free-dig material for plant commissioning. The focus currently is on development and production from the Berenai pit, supplemented by Asmar ore. The mining strategy is based on the Berenai and Asmar pits providing a lower grade "base load" mill feed so mill capacity is maximised. The higher grade Buluh-Siamang Pits and the Belinau underground provide the high grade feed source to the mill. The strategy of multiple feed sources enable both flexibility in ore supply and de-risks the project in terms of not being reliant on one source of ore production. The open pit designs were optimised using a gold price of US$1,100 per ounce. Open-pit mining operations are being conducted by contractors using hydraulic excavators and articulated all-wheel drive trucks.

People

The success of the Company is predicated on its ability to recruit, train and deploy a quality Indonesian workforce, including a significant proportion from surrounding communities, supported by a small team of experienced expatriates. The Company employs approximately 668 Indonesian nationals (contractors and employees) onsite at Tembang and in the Jakarta office. The culture is one of teamwork and accountability, with our workers taking great pride in their achievements.

Pre-employment training program at Kotamas camp.

Health and Safety

The Company is committed to the health and safety of its employees, contractors and the community. The occupational health and safety program comprises of input from safety teams representing open pit contractor, mill, underground. Meetings are held monthly with the KTT (General Manager) and department safety meetings held on a weekly basis. A site-wide Safety Management System is under construction and is expected to be rolled out by June 2016.

The Company achieved a zero lost time injury (LTI) year. The cumulative number of man hours without an LTI incident since initial construction began at Tembang in July 2013 to 31 December 2015 was 2,908,423.

Environment

There were no reportable incidents during Project construction nor during operational activities in 2015. Ground water and environmental monitoring is ongoing as part of the Indonesian regulatory AMDAL (Environmental Impact Assessment) compliance.


Water quality monitoring and sampling

During the year the Company participated in the "National Trees Planting Day (HMPI)" conducted by "Musi River Catchment Area Management Board" in Palembang.

Nursery for rehabilitation & reclamation

Cover crop plantation

Corporate Social Responsibility

The Company has an active local community engagement focus. Key activities conducted during 2015 included community open-days, a New Year's eve function, health education and an inaugural Tembang Football competition (won by the Tembang Tigers, our Security department).

The Company also continues to invest in local village community development. Key development activities have included:

- the supply of clean drinking water to drought affected areas, with Atlas Copco Nusantara engaged as a sponsor;
- training to improve the capacity of public health services, including immunisation, contraceptive services, pregnant women and toddler health checks, and engagement with the community through women;
- road rehabilitation to improve the condition, reduce impact on vehicles and provide local employment;
- drainage canals to mitigate flooding impacts and provide local employment;

- health volunteer training;
- home industry to increase community income, including engagement with the Government, training and market research; and
- programs for the local community to provide goods and services to the Project.

Provision of local clean drinking water

Land Access

Total land compensated as of December 2015 is 320 ha, or 72% of the total target area of 442 ha. All active mine sites at Tembang have been cleared for mining. The Company has also worked with local authorities to compensate land occupants and assist in transitioning them to other activities, including participation in the Company's Pre-Employment Training Program (PETP) for artisanal miners and local land occupants.

Security

A number of security incidents occurred during 2015, prompting the Company to engage a new security provider and implement a revised security system. This has bolstered and improved security as well as providing cost savings through a reduction in security personnel.

Permitting

The key permits received during the year to allow commencement of production and export of finished product were:

- Hazardous Waste (B3) Temporary Storage Permit (finalization of B3 permitting still in progress at the Department of Environmental and Forestry);
- Waste water disposal permit;
- P2 permit for explosives purchase and P3 permit for explosives storage; and
- An Export Register permit for the Sales and Export of Gold and Silver product.

Forward Looking Statements

Certain information contained or incorporated by reference in this document including any information as to future financial or operating performance, economic conditions, financial markets or exploration success or otherwise constitutes "forward-looking statements". All statements, other than statements of historical fact, are forward-looking statements. The words "believe", "expect", "anticipate", "contemplate", "target", "plan", "intends", "continue", "budget", "estimate", "may", "will", "schedule" and similar expressions identify forward-looking statements. Forward-looking statements are necessarily based upon a number of estimates and assumptions that, while considered reasonable by us, are inherently subject to significant political, social, business, economic and competitive uncertainties and contingencies. Known and unknown factors could cause actual results to differ materially from those projected in the forward-looking statements. Such factors include, but are not limited to: fluctuations in the currency markets (such as the Australian dollars versus the U.S. dollar); fluctuations in the spot and forward price of certain commodities (such as gold, silver, copper, diesel fuel and electricity); changes in U.S. dollar interest rates or gold lease rates that could impact the mark to market value of outstanding derivative instruments and ongoing payments/receipts under interest rate swaps and variable rate debt obligations; risks arising from holding derivative instruments (such as credit risk, market liquidity risk and mark to market risk); changes in national and local government legislation, taxation, controls, regulations and political or economic developments in any countries which impact the respective business in the future; business opportunities that may be presented to, or pursued by, us; operating or technical difficulties in connection with mining or development activities; the speculative nature of mineral exploration and development, including the risks of obtaining necessary licenses and permits; diminishing quantities or grades of reserves; adverse changes in the credit rating of associated businesses; and contests over title to properties including undeveloped properties. In addition, there are risks and hazards associated with the business of mineral exploration, development, mining and processing, including environmental hazards, industrial accidents, unusual or unexpected formations, pressures, cave-ins, flooding and bullion and other metal losses (and the risk of inadequate insurance, or inability to obtain insurance, to cover these risks). Many of these uncertainties and contingencies can affect actual results and could cause actual results to differ materially from those expressed or implied in any forward-looking statements made by, or on behalf of, the Company. You are cautioned that forward-looking statements are not guarantees of future performance. All of the forward-looking statements made in this document are qualified by these cautionary statements.

Review of Exploration

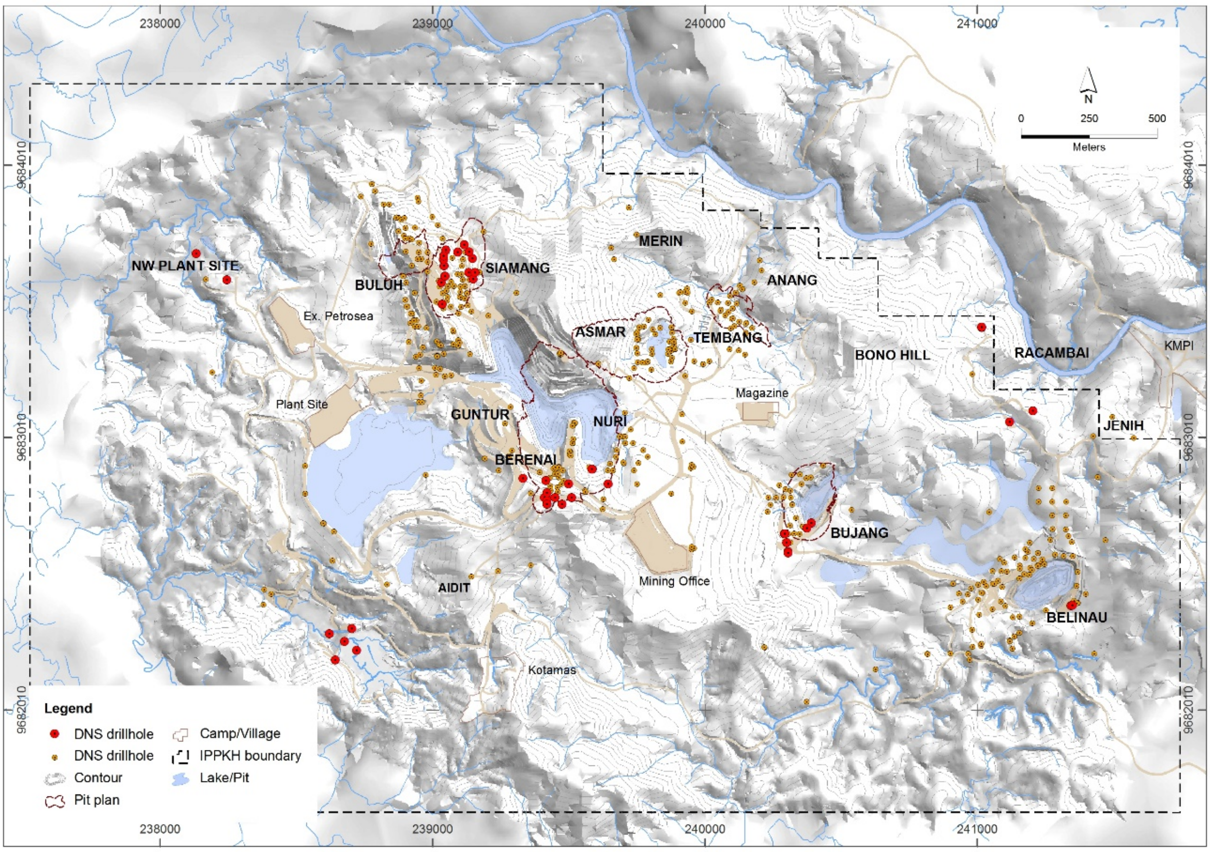
The Tembang project area covers an extensive low sulphidation, epithermal vein system hosted in Miocene intrusive volcanic and volcaniclastic rocks. The depth extent of the economic mineralisation outlined to date appears to be approximately 300 metres, however several high grade vein lodes have not been closed off at depth. As such, the potential for resource growth is considered to be high in that most known deposits remain open at depth, along with a pipeline of prospective near mine exploration targets.

Work completed during 2015 was focused on the main resource areas in advance of the commencement of mining.

In early 2015, a 54 hole reverse circulation (RC) and diamond drilling program was completed for 4,084 metres and comprised:

- resource definition drilling at Berenai, Belinau and Siamang;
- extensional drilling at Nuri and Bujang; and
- exploration drilling at Racambai, Jenih, NW Plant Site and Guntur.

This was followed by a further program of 11 diamond holes for 790 metres at Buluh Deeps and Siamang East.



Reverse circulation (RC) and diamond drilling during 2015 shown in red collars.

Resource Definition Drilling

The results from the infill and extensional drilling were incorporated into the orebody models and new resource estimates were subsequently reported for Berenai, Siamang and Bujang. In summary:

- Drilling within the Siamang feasibility study pit design intersected wider zones of lower grade gold-silver mineralisation resulting in an overall increase in the Mineral Resource to better represent open pit mining conditions.

May 2015 Mineral Resource Estimate for Siamang (0.5g/t Au cut-off)

Category	Tonnage	Au (g/t)	Ag (g/t)	Au (oz)	Ag (oz)
Measured	60,000	2.5	48.3	5,000	94,000
Indicated	178,000	2.1	28.0	12,000	160,000
Inferred	190,000	1.8	22.0	11,000	134,000
2015 Total	**428,000**	**2.0**	**28.0**	**28,000**	**388,000**
2014 Total	181,202	3.7	55.0	21,500	319,000

A further 7 shallow, infill holes were completed at Siamang East to increase confidence in the Inferred Resource and establish whether this zone can be exploited in a single open pit with Siamang. A review of Siamang was in progress at the end of the reporting period.

- The additional drilling completed at Berenai confirmed the 2014 Mineral Resource estimate and successfully outlined an additional mineralised lode in the footwall to the Berenai main lode.

May 2015 Mineral Resource Estimate for Berenai (inclusive of the Berenai, Nuri and Central veins, 0.5g/t Au cut-off)

Category	Tonnage	Au (g/t)	Ag (g/t)	Au (oz)	Ag (oz)
Indicated	1,628,000	2.1	34.3	112,000	1,797,000
Inferred	669,000	1.7	31.8	36,000	685,000
2015 Total	**2,297,000**	**2.0**	**33.6**	**148,000**	**2,482,000**
2014 Total	1,869,000	2.0	33.3	123,000	2,001,000

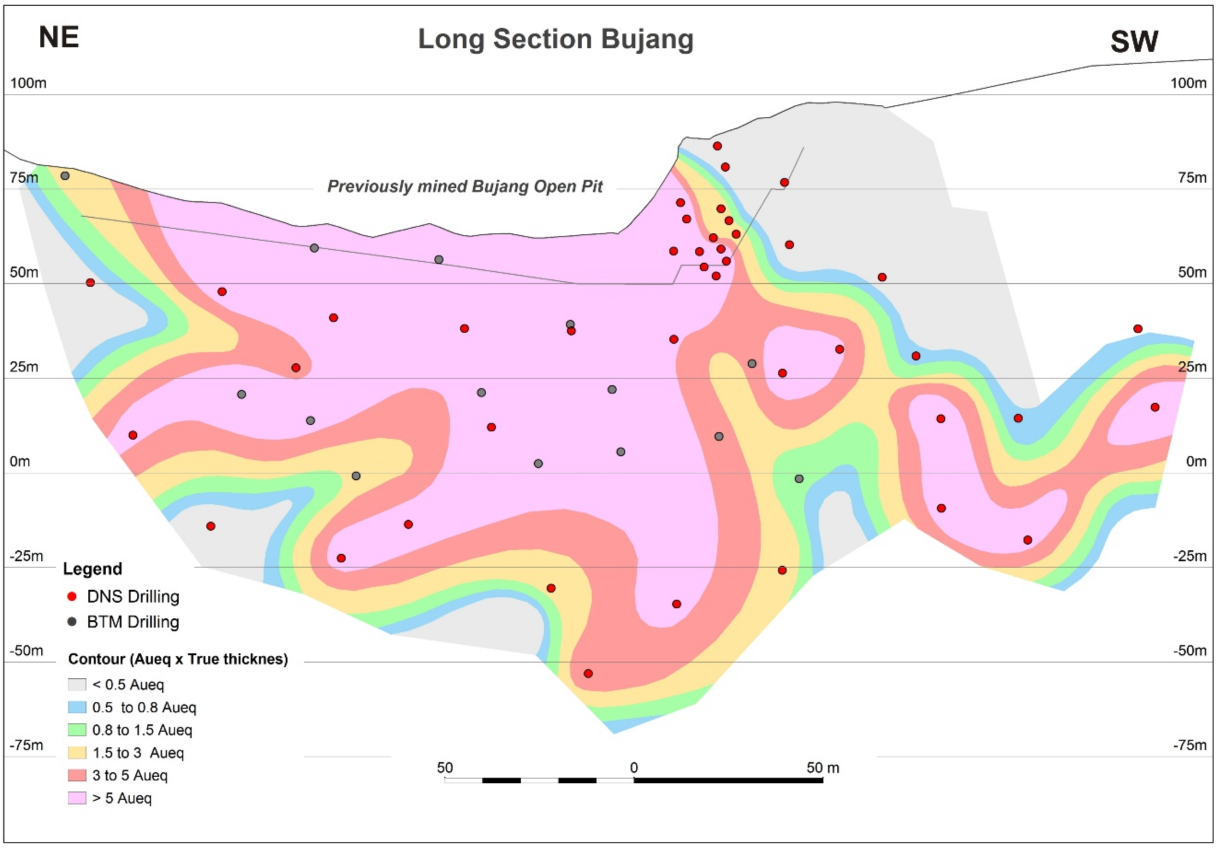
- Extensional drilling completed at Bujang outside of the feasibility study pit design demonstrated continuity of the high grade mineralisation down plunge towards the south-west associated with a wide zone of silicification and stockwork veining. Highlights included hole RDD14445 which intersected 2.2 metres at 11.1g/t Au and 18g/t Ag from 100.9m. Bujang is now considered a priority target for future underground development.

May 2015 Mineral Resource Estimate for Bujang (0.5g/t Au cut-off)

Category	Tonnage	Au (g/t)	Ag (g/t)	Au (oz)	Ag (oz)
Indicated	217,000	2.8	37.0	19,500	261,000
Inferred	69,000	1.9	20.0	4,000	44,000
2015 Total	**286,000**	**2.6**	**33.0**	**24,000**	**305,000**
2014 Total	272,000	2.6	34.0	23,000	298,000

A further 4 diamond holes were subsequently completed at Bujang Deeps to further investigate this zone of high grade mineralisation. All 4 holes intersected significant mineralisation with the best result returned from hole RDD15490 (1 metre at 27.4g/t Au and 23g/t Au) further supporting the underground potential of Bujang.

Hole RDD 15489 intersected multiple zones of mineralisation including a wide zone of quartz stockwork veining returning 10.85 metres at 1.37g/t Au and 9.7g/t Ag (including 1.15m at 5.13g/t Au and 55g/t Ag). RDD 15484 also intersected multiple zones of low grade mineralisation including 2.3 metres at 3.58g/t Au and 12.1 g/t Ag (including 1.1 metres at 6.43g/t Au and 21g/t Ag).



High grade mineralisation down plunge towards the south-west at Bujang.

Exploration

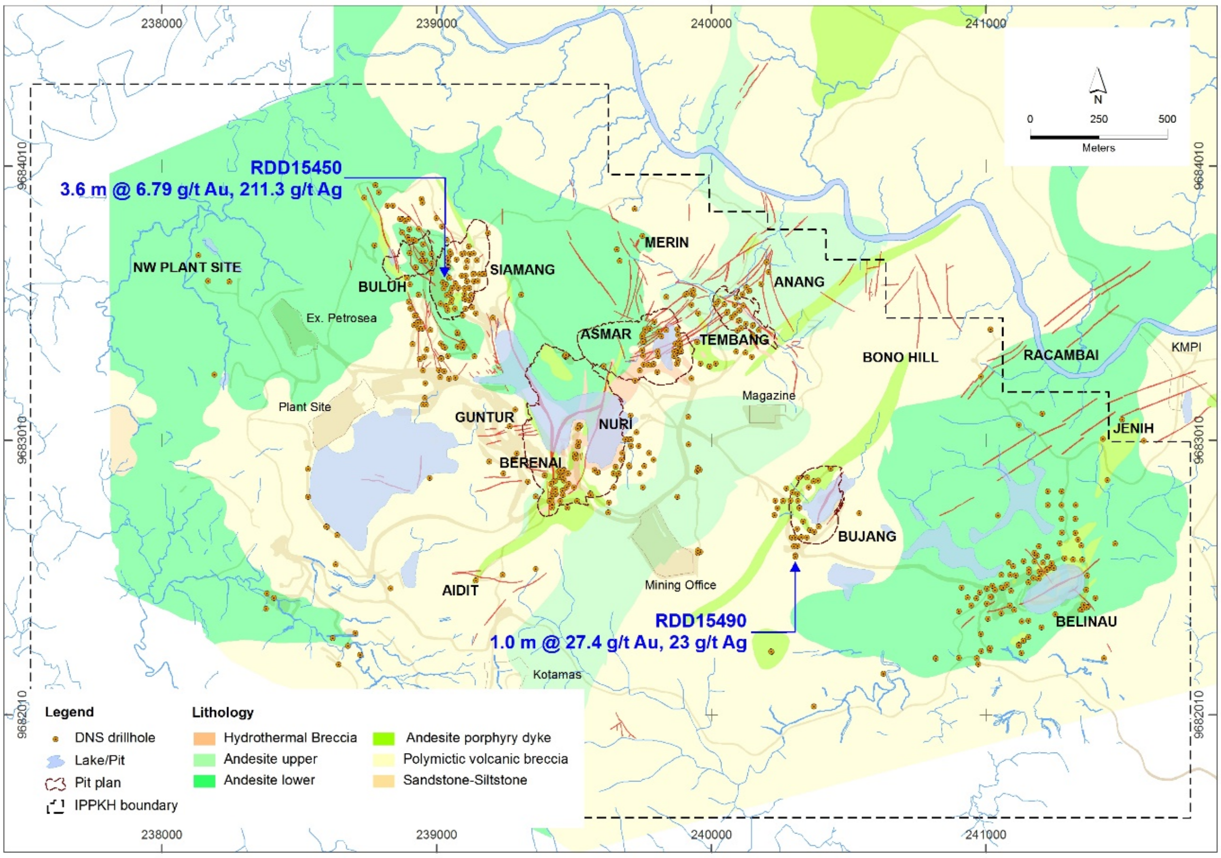
Exploration activities during 2015 were limited to the on-going evaluation of several near mine prospects. No regional exploration was completed.

A consolidation and review of all geophysical data was completed by an independent consultant to re-evaluate targets both within and around the mine site.

The 4 exploration holes completed at the Jenih and Racambai prospects to the northeast of Bujang intersected quartz-sulphide mineralised structures where predicted, however gold values were of low tenor. Evaluation of the +1 kilometre long gold-in-soil anomaly associated with these outcropping veins is ongoing.

Multiple zones of low grade mineralization were intersected in the single hole completed at the Guntur prospect, located to the immediate west of the Berenai pit. Low gold values were also returned from the 2 holes drilled at the NW Plant Site prospect, located to the west of Siamang.

Detailed surface mapping, soil geochemistry, trenching and sampling was carried out at North Asmar, Merin, Anang and Bono Hill prospects where multiple quartz veins had previously been located. Encouraging gold results were returned from many of the discrete vein targets sampled.



Exploration activities during 2015 at Tembang.

No work was carried out during 2015 at the Tandai Project.

A detailed exploration strategy review was completed late in the year to develop a robust geological model and exploration framework that will facilitate targeted drilling during 2016 to efficiently grow the Tembang Mineral Resource base. The review highlighted potential for discovery of additional high grade vein targets associated with the lightly tested north-east trending Bujang and Belinau host structures. It is expected that exploration drilling will resume during the second quarter of 2016 once cash flow from operations becomes available.

Significant Drill hole intercepts (>0.5g/t Au with up to 2m of internal waste)

Prospect	Hole_ID	Type	From (m)	To (m)	Interval (m)	Au (g/t)	Ag (g/t)
Belinau	RDD15482	DC	159.3	160.3	1.0	2.49	2.0
		DC	194.7	195.2	0.5	1.43	2.0
		DC	199.7	202.7	3.0	1.52	2.0
Belinau	RDD15483	DC	51.5	52.3	0.8	0.59	7.0
Berenai	RDD15467	DC	19.0	21.0	2.0	0.45	2.0
		DC	96.5	98.5	2.0	0.91	18.0
Berenai	RDD15476	DC	86.7	88.9	2.2	2.22	19.1
Berenai	RDD15477	DC	65.3	68.0	2.7	2.21	1.7
		DC	71.8	73.0	1.2	2.63	114.0
Berenai	RDD15478	DC	124.0	126.0	2.0	3.10	3.0
		DC	163.2	165.8	2.6	1.95	118.3
		DC	188.6	189.8	1.2	2.10	4.0
		DC	194.4	197.9	3.5	0.51	2.0

Prospect	Hole_ID	Type	From (m)	To (m)	Interval (m)	Au (g/t)	Ag (g/t)
		DC	200.3	205.5	5.2	1.87	4.2
Berenai	RRC15466	RC	22.0	23.0	1.0	2.74	9.0
		RC	25.0	36.0	11.0	5.81	66.5
		RC	44.0	45.0	1.0	1.29	43.0
		RC	50.0	51.0	1.0	2.10	69.0
Berenai	RRC15470	RC	0.0	1.0	1.0	0.53	0.5
Berenai	RRC15471	RC	0.0	1.0	1.0	0.84	0.5
		RC	49.0	52.0	3.0	1.69	38.3
Berenai	RRC15472	RC	15.0	21.0	6.0	0.57	37.0
		RC	25.0	30.0	5.0	1.76	46.8
Berenai	RRC15473	RC	0.0	1.0	1.0	1.74	2.0
		RC	32.0	33.0	1.0	0.81	27.0
Berenai	RRC15474	RC	0.0	7.0	7.0	1.60	8.6
Bujang	RDD14441	DC	82.6	85.0	2.4	3.65	54.1
Bujang	RDD14444	DC	101.6	102.8	1.2	0.54	3.0
Bujang	RDD14445	DC	100.9	103.1	2.2	11.10	18.0
Guntur	RDD15479	RC	23.0	26.0	3.0	1.28	34.0
		RC	30.0	34.0	4.0	0.87	16.5
		DC	48.7	49.2	0.5	2.01	45.0
		DC	72.3	72.8	0.5	1.85	64.0
Jenih	RDD15468	DC	74.8	75.8	1.0	0.55	16.0
Jenih	RDD15469	DC	49.9	51.2	1.3	0.61	52.0
		DC	58.7	59.3	0.6	0.76	3.0
Nuri	RDD15451	DC	32.5	33.5	1.0	4.47	5.0
Nuri	RDD15452	DC	29.0	30.0	1.0	7.10	12.0
Nuri	RDD15453	DC	45.4	46.7	1.3	7.48	7.0
		DC	56.0	57.7	1.7	4.66	387.2
		DC	66.4	68.2	1.8	1.81	62.4
NW Plant Site	RDD15465	RC	34.0	35.0	1.0	0.57	2.0
		DC	68.7	69.3	0.6	0.46	3.0
Racambai	RDD15480	DC	103.5	108.8	5.3	0.46	27.0
Racambai	RDD15481	DC	136.9	137.9	1.0	0.56	10.0
Siamang	RDD14446	DC	52.3	53.7	1.4	7.59	405.0
		DC	76.4	83.6	7.2	2.10	98.6
Siamang	RDD14447	DC	66.0	75.1	9.1	1.45	70.9
Siamang	RDD14449	DC	92.0	93.0	1.0	2.54	101.0
Siamang	RDD15450	DC	84.4	87.9	3.6	6.79	211.3
Siamang	RDD15454	DC	60.4	61.9	1.5	6.78	11.9
Siamang	RDD15456	DC	50.4	52.8	2.4	2.88	14.8
		DC	61.0	67.6	6.6	1.02	20.2
Siamang	RDD15458	DC	58.9	61.0	2.1	1.10	75.7
		DC	65.9	69.2	3.3	0.54	9.4
Siamang	RDD15460	DC	58.5	67.5	9.0	1.39	28.6
Siamang	RDD15462	DC	57.6	58.8	1.2	0.45	6.0
Siamang	RDD15463	DC	32.0	38.2	6.2	1.36	41.9
Siamang	RRC15455	RC	41.0	45.0	4.0	1.33	38.0
Siamang	RRC15457	RC	45.0	55.0	10.0	1.80	59.5
		RC	61.0	62.0	1.0	2.35	21.0
Siamang	RRC15459	RC	42.0	48.0	6.0	1.73	27.2
		RC	50.0	51.0	1.0	1.28	20.0

Prospect	Hole_ID	Type	From (m)	To (m)	Interval (m)	Au (g/t)	Ag (g/t)
Siamang	RRC15461	RC	45.0	47.0	2.0	2.01	11.0
		RC	50.0	51.0	1.0	2.89	82.0
Bujang Deeps	RDD15484	DC	107.5	109.5	2.0	0.95	2.5
		DC	111.5	113.5	2.0	1.07	1.8
		DC	119.0	120.0	4.0	2.53	4.0
		DC	124.0	127.0	3.0	0.72	2.7
		DC	133.8	136.1	2.3	3.58	12.1
			Incl. 1.1m at 6.43g/t Au, 21g/t Ag				
		DC	140.2	141.2	1.0	0.52	1.0
		DC	142.3	143.4	1.1	0.84	3.0
	RDD15489	DC	105.0	107.0	2.0	2.02	26.9
		DC	118.1	128.95	10.85	1.37	9.7
			Incl. 1.15m at 6.43g/t Au, 55g/t Ag				
		DC	130.5	135.3	4.8	1.32	9.7
		DC	137.3	138.5	1.2	0.84	5.0
	RDD15490	DC	95.80	96.80	1.0	27.4	23.0
	RDD15498	DC	109.25	110.40	1.15	1.1	2.0
Siamang East	RDD15491	DC	46.50	49.60	3.1	3.0	12.5
	RDD15492	DC	17.60	19.20	1.6	4.3	284.0
			22.00	24.00	2.0	0.87	20.0
	RDD15493	DC	23.10	26.00	2.9	1.2	38.1
	RDD15494	DC	66.50	67.50	1.0	1.1	59.0
	RDD15495	DC	19.20	20.30	1.1	0.7	12.0
	RDD15497	DC	30.00	31.00	1.0	0.9	15.0
			34.20	35.20	1.0	3.1	136.0

RC – Reverse circulation, DC – Diamond core

Competent Person's Statement

The information in this report that relates to exploration results is based on information compiled by Mr Matthew Farmer, who was a part time consultant of the Company during 2015 and a Member of the Australasian Institute of Mining and Metallurgy. Mr Farmer 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 Farmer consents to the inclusion in this report of the matters based on his information in the form and context in which it appears.

Mineral Resource Statement

The Company's Mineral Resource statement is in compliance with the JORC Code (2012 Edition) and was published on 18 May 2015. At the end of the reporting year, only 93,451 tonnes had been processed through the Tembang plant, comprising mostly low grade commissioning material. The Company is therefore of the opinion that there have been no material changes to the Mineral Resource estimates since the date of publication.

Mineral Deposit	OPEN PIT (>0.5g/t Au)					
	Category	**Tonnes**	**Au (g/t)**	**Ag (g/t)**	**Au (oz)**	**Ag (oz)**
Asmar (2)	*Measured*	-	-	-	-	-
	Indicated	*1,636,000*	*1.2*	*20.6*	*64,000*	*1,082,000*
	Inferred	*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)	*Measured*	-	-	-	-	-
	Indicated	*1,628,000*	*2.1*	*34.3*	*112,000*	*1,797,000*
	Inferred	*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)	*Measured*	*69,000*	*3.4*	*38.3*	*8,000*	*85,000*
	Indicated	*186,000*	*2.0*	*24.2*	*12,000*	*145,000*
	Inferred	*212,000*	*1.8*	*25.7*	*12,000*	*175,000*
	Total	***467,000***	***2.1***	***27.0***	***32,000***	***405,000***
Siamang (4)	*Measured*	*60,000*	*2.5*	*48.3*	*5,000*	*94,000*
	Indicated	*178,000*	*2.1*	*28.0*	*12,000*	*160,000*
	Inferred	*190,000*	*1.8*	*22.0*	*11,000*	*134,000*
	Total	***428,000***	***2.0***	***28.0***	***28,000***	***388,000***
Bujang (4)	*Measured*	-	-	-	-	-
	Indicated	*217,000*	*2.8*	*37.0*	*19,500*	*261,000*
	Inferred	*69,000*	*1.9*	*20.0*	*4,000*	*44,000*
	Total	***286,000***	***2.6***	***33.0***	***24,000***	***305,000***
Tembang / Anang (3)	*Measured*	-	-	-	-	-
	Indicated	*170,000*	*2.5*	*29.3*	*13,500*	*160,000*
	Inferred	*55,000*	*2.1*	*29.9*	*4,000*	*53,000*
	Total	***226,000***	***2.4***	***29.4***	***17,500***	***214,000***
Total (OP)	*Measured*	*129,000*	*3.1*	*43.2*	*13,000*	*179,000*
	Indicated	*4,015,000*	*1.8*	*27.9*	*234,000*	*3,606,000*
	Inferred	*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)	*Measured*	*132,000*	*9.7*	*70.0*	*41,000*	*298,000*
	Indicated	*139,000*	*9.0*	*77.0*	*40,000*	*346,000*
	Inferred	*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

Ore Reserve Estimate

The Ore Reserve estimate is in compliance with the JORC Code (2012 Edition) and was published on 25 March 2014. At the end of the reporting year, only 93,451 tonnes had been processed through the Tembang plant, comprising mostly low grade commissioning material. The Company is therefore of the opinion that there have been no material changes to the Ore Reserve estimates since the date of publication.

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

Competent Person's Statement

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.

The Directors of Sumatra Copper & Gold plc ("the Company" or "the Group") present their strategic report for the year ended 31 December 2015.

1. Review of the Business

Sumatra Copper & Gold plc 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 ("Tembang" or "the Project"), currently in production. The Company also has an extensive exploration portfolio with projects ranging from brownfield, near-production opportunities to strategically located greenfield holdings.

Sumatra Copper & Gold plc listed on the Australian Stock Exchange in 2009 (ASX: SUM).

After completing a bankable feasibility study in September 2012 the Company raised US$19.7 million in equity and commenced construction at Tembang in June 2013. However, during 2013 the gold price declined from a high of US$1,690 per ounce to US$1,200 per ounce and, as a result, the Company was unable to complete debt funding. Construction at Tembang was suspended in December 2013 after project expenditure of approximately US$15 million.

Following a further drilling campaign, funded by US$4 million in convertible notes, to define additional Measured and Indicated Resources, the Company announced updated Mineral Resources and Ore Reserves in March 2014 and in April 2014 published a revised Definitive Feasibility Study ("DFS"). The DFS was based on a five-year plan, mining Ore Reserves at a nameplate plant throughput rate of 400,000 tonnes per annum to produce a total of 169,000 ounces of gold and 1.8 million ounces of silver. The forecast C1 cash operating cost was US$470/oz (net of silver credits of US$212/oz) and an All-In-Sustaining-Cost (AISC) of US$745/oz (net of silver credits of US$212/oz). The DFS cash flow was based on a capital investment to complete the Project of US$35.3 million including contingency. This was subsequently revised to US$36.6 million at final board approval to commence the project.

In October 2014 the Company's wholly owned subsidiary, PT Dwinad Nusa Sejahtera ("DNS"), signed a senior secured debt facility of up to US$45 million ("Facility") with Nomura Singapore Limited and Indonesia Eximbank. An initial tranche of US$40 million was drawn down from the Facility in November 2014 and construction re-commenced at Tembang.

Under the terms of the Facility, the Company was required to raise US$5 million in equity in order to utilise the second tranche of US$5 million debt. During 2015 the Company completed the required equity raise of US$5 million and met the other conditions precedent to the second tranche of debt, which was drawn in September 2015.

The Company achieved its first gold pour at Tembang in September 2015, on budget and 8 weeks ahead of schedule, and produced 2,954 ounces of gold and 66,219 ounces of silver to 31 December 2015. The Directors expect Tembang to transition to commercial production during the second quarter of 2016.

Due to the combined effect of the commissioning of the processing plant 8 weeks ahead of schedule, the earlier than anticipated ramp-up of the processing plant to nameplate capacity and a delay in the permitting and delivery of explosives, there was a shortfall in supply of high grade ore during the fourth quarter of 2015. These factors, combined with a delay to the expected timing of VAT refunds, led to a need for additional working capital which was met by entering into a US$5 million working capital facility in the form of convertible notes.

Subsequent to the end of the financial year, on 31 March 2016 the Company announced that it had amended its convertible note facility with its major shareholders to draw down a further US$2.0 million in funding to meet its interest and debt service reserve account requirements. Both major shareholders and debt providers have been supportive in funding the Company to achieve sustainable production levels.

2. Review of Strategy and Business Model

The Company is a junior mining company focused on the development of precious metals projects in Indonesia. The high grade Tembang Project, commissioned in September 2015 and currently in production, is the first production asset for the Company.

At Tembang, located in southern Sumatra, the Company's strategy has been to define and develop sufficient Ore Reserves to finance construction of the Project with reasonable levels of equity dilution. Cash flow from operations are proposed to be reinvested to define new resources to extend mine life and increase production. The Musi Rawas tenements surrounding the Tembang Project, owned by the Group, are underexplored and provide further exploration upside for defining new targets close to Tembang. The Directors of the Company intend to refinance the Facility on more competitive terms once steady-state commercial production is achieved.

Exploration potential at Tembang is significant in terms of the extension of known mineralisation at depth, strike extent of known veins and for new discoveries. The Company anticipates that exploration success is likely to add significant value to the Company as incremental cash flows are expected to be achieved without major new capital expenditure.

The Company's Tandai project was a major historic mining centre and offers considerable exploration upside. Further work at Tandai is planned subject to availability of funding.

3. Principal Risks and Uncertainties facing the Company

Risk assessment and management are fundamental components of the business in planning for the Company's future and executing the strategy. The Group identifies, evaluates and manages significant threats and opportunities against business objectives. The Group's risk and tolerance levels are identified by the Board of Directors and are constantly monitored against group strategic goals, targets and performance.

The key areas of risk, uncertainty and material issues facing the Group in executing its strategy and delivering on its targets are described below.

3.1 Funding

As noted above, the Company may be required to source additional finances, by raising equity in the market either from its current investors or from other sources, to fund its future activities should operational cash flows not generate sufficient free cash to fund such activities. There can be no assurance that the Company would be able to raise finance on acceptable terms or in a timely manner or at all. Failure to raise additional finance would have a material adverse effect on the Company.

3.2 Commercial viability – early stage exploration projects

With the exception of Tembang, which has Ore Reserves and Mineral Resources, the mineral projects in which the Company has an interest are at an early stage of exploration and are without Ore Reserves. No assurance can be given that these other projects will achieve commercial viability.

However, as the Company is in production at Tembang, it is in the process of further developing its exploration strategy and assessing the commercial viability of its early stage exploration projects through a structured process of evaluation.

3.3 Environment

The mineral project interests are located in Indonesia, a developing nation with a large number of ethnic and indigenous groups, whose fiscal and monetary controls, laws, policies and regulatory processes in many areas are less established than in developed nations, and where there is a wide range of policies, ideologies and attitudes between the numerous different political parties and candidates. The risks attached to exploration in a developing country, which are not necessarily present in a developed country, can impact on a range of factors such as sovereign risk, safety, security costs, ability to operate, country policy, fiscal provisions and laws, and can lead to delays or even the suspension of operations.

The Company's projects in Sumatra are located in areas where there are indigenous communities and villages, and other land users. Any exploration and potential mining activities need to appropriately consider the needs of these communities and land users and suitable land use compensation arrangements have to be agreed.

The Company's activities are subject to extensive foreign laws and regulations governing exploration, development, production, exports, taxes, labour standards, waste disposal, protection and remediation of the environment, reclamation, historical and cultural resources preservation, mine safety and occupational health, handling, storage and transportation of hazardous substances and other matters. New laws and regulations, or amendments to existing laws and regulations, could have a material adverse impact on the Company's results of operations and financial condition.

3.4 Metal prices volatility

The Group's main focus is on gold and silver production at Tembang. The market prices for gold and silver fluctuate widely. These fluctuations are caused by numerous factors beyond the Company's control. Causes of gold price fluctuations include the following:

a) speculative positions taken by investors or traders in gold;
b) changes in the demand for gold as an investment;
c) changes in the demand for gold used in jewellery and for other industrial uses;
d) changes in the supply of gold from production, disinvestment, scrap and hedging;
e) financial market expectations regarding the rate of inflation;
f) the strength of the US dollar (the currency in which gold trades internationally) relative to other currencies;
g) changes in interest rates;
h) actual or expected gold sales by central banks and the International Monetary Fund;
i) gold hedging and de-hedging by gold producers; and
j) global or regional political or economic events.

A sustained period of significant gold price volatility may adversely affect the Group's ability to evaluate the feasibility of undertaking new capital projects or continuing existing operations or to make other long-term strategic decisions.

In order to mitigate this risk, in October 2014 the Group entered into hedging instruments equivalent to approximately 50% of gold and silver production during the first 2 years of operation. Deliveries into the hedge commenced in November 2015 and will continue to October 2017. The hedge program represents approximately 23% and 16% respectively of the gold and silver Ore Reserves included in the Group's life of mine plan.

3.5 Mineral Resources and Ore Reserves

The Company's reported Mineral Resources and Ore Reserves are estimates only. No assurance can be given that the estimated Mineral Resources and Ore Reserves will be recovered or that they will be recovered at the rates estimated. Mineral Resource and Ore Reserve estimates are based on limited sampling, and, consequently, are uncertain because the samples may not be representative. Mineral Resource and Ore Reserve estimates may require revision (either up or down) based upon increasing geological understanding and past operations. Market fluctuations in the price of metals, as well as increased production costs or reduced recovery rates, may render certain Ore Reserves uneconomic and may ultimately result in a restatement of Mineral Resources and/or Ore Reserves. Moreover, changes in short-term operating factors relating to the Mineral Resources and Ore Reserves, such as changes to the sequential development of ore bodies and the processing of new or different ore grades, may adversely affect the Company's profitability in any particular accounting period.

3.6 Operational uncertainty

The Group's business operations are subject to risks and hazards inherent to the mining industry, including but not limited to unanticipated variations in grade and other geological problems, weather, metallurgical and other processing problems, mechanical equipment performance problems, the availability of materials and equipment, accident, labour force disruptions, force majeure factors, unanticipated transportation costs, and weather conditions, any of which can materially and adversely affect, among other things, the development of properties, production quantities and rates, costs and expenditures and production commencement dates.

The Group has recently commissioned the Tembang operation and is in the process of increasing production levels to its target of 40,000 to 50,000 gold equivalent ounces per annum. Target mill throughput levels, metallurgical recoveries and open pit production levels have been achieved and sustained during the first quarter of 2016. Underground mining production rates are expected to reach target levels in the second quarter of 2016.

The Group periodically reviews mining schedules, production levels and asset lives in its life-of-mine planning for all of its operating and development properties. Significant changes in the life-of-mine plans can occur as a result of mining experience, new ore discoveries, changes in mining methods and rates, process changes, investments in new equipment and technology, precious metals price assumptions, and other factors.

As a result of the foregoing risks, among other things, expenditures on any and all projects, actual production quantities and rates, and cash costs may be materially and adversely affected and may differ materially from anticipated expenditures, production quantities and rates, and costs, just as estimated production dates may be delayed materially, in each case especially to the extent development projects are involved. Any such event can materially and adversely affect the Group's business, financial condition, results of operations and cash flows.

3.7 Uncertainty Relating to Mine Development

The Group's ability to maintain or increase its annual production of gold will be dependent in significant part on its ability to bring new mines into production and to extend the life or expand existing mines. Although the Group utilizes the operating history of its existing mines to derive estimates of future operating costs and capital requirements, such estimates may differ materially from actual operating results at new mines or at expansions of existing mines. The economic feasibility analysis with respect to any individual project is based upon, among other things, the interpretation of geological data obtained from drill holes and other sampling techniques, feasibility studies (which derive estimates of cash operating costs based upon anticipated tonnage and grades of ore to be mined and processed), precious metals price assumptions, the configuration of the ore body, expected recovery rates of metals from the ore, comparable capital and operating costs, anticipated climatic conditions, estimates of labour, productivity, royalty or other ownership burdens and other factors. The Group's development projects are also subject to the successful completion of final feasibility studies, receipt of necessary permits and of adequate financing.

4. Key Performance Indicators

The Group is currently involved in the operation of its Tembang gold-silver mine.

The key performance indicators that can be used to assess the performance of the last financial year are:

- First gold production at Tembang: the plant was commissioned and poured first gold in September 2015, 8 weeks ahead of the scheduled November 2015 start-up;
- Project cost to completion: the Project came in on budget at approximately US$36.6 million (including contingency);
- The Company produced less ounces than anticipated due to a shortfall in supply of high grade ore reflecting a different mining sequence to that planned. This resulted in operating losses that were capitalised in the fourth quarter;
- The plant throughput rates during December 2015 were above nameplate capacity.

The key performance indicators for the 2016 financial year are:

- Gold equivalent production of at least 35,000 ounces during 2016 with the second half of 2016 consistent with an annual production rate of 40,000 to 50,000 ounces per annum;
- Cash cost per ounce, after silver credits, of US$750 per ounce;
- Replacement of Ore Reserves depleted during 2015.

On an ongoing basis, the Directors monitor production, operating costs, capital expenditure and cash balances and Mineral Resource and Ore Reserve reporting in accordance with the 2012 Joint Ore Reserves Committee (JORC) Code.

5. Financial Review

5.1 Statement of comprehensive income

The Group recorded a net loss for the year ended 31 December 2015 of US$45.3 million, representing (US 6.81) cents per share, in comparison to a restated net loss for the year ended 31 December 2014 of US$4.3 million representing a loss of (US 0.95) cents per share.

The net loss for the year of US$45.3 million was mainly due to the provision for impairment raised of US$45.3 million (2014: $nil) and corporate costs before share-based payments and impairment of US$3.8 million which increased on the prior year (2014: US$3.27 million).

5.2 Statement of financial position

Total assets decreased by US$16.6 million to US$69.4 million from 31 December 2014. In the current year construction was completed on the Group's flagship asset its Tembang gold-silver mine. An impairment of US$45.3 million was recognised including US$9.1 million of capitalised interest and borrowing costs. This reduction to assets as a result of the impairment was partially offset by the recognition of US$4.5 million deferred tax asset.

This impairment reflected lower metal prices, higher anticipated costs and a higher discount rate.

Total liabilities were US$61.2 million, an increase of US$18.5 million from 31 December 2014. The movement in total liabilities was mainly as a result of drawdown of the US$5.0 million Tranche 2 of the Nomura-Eximbank Senior Secured Facility during the third quarter of 2015, the recognition of $2.0 million liability in relation to the issue of the first tranche of convertible notes, the additional borrowings of US$1.9 for finance leases entered into and an increase in trade and other payables US$9.4 million.

Total equity of US$8.2 million at 31 December 2015 decreased by US$35.2 million from 31 December 2014 primarily as a result of the loss of the period of US$45.3 million. Hedging reserve associated with the hedging program increased to US$4.5 million and issued capital increased by US$5.1 million as a result of the equity raising to sophisticated investors.

5.3 Statement of cash flows

During the year, cash and cash equivalents decreased by US$25.6 million.

Cash outflows from operating activities for the period were US$2.7 million.

Net cash outflows from investing activities for the period were US$34.3 million. The cash outflow included construction of the Tembang plant, mine pre-production expenses and operating costs incurred by the Tembang project of $31.2 million and interest of US$3.1 million.

The net cash inflow from financing activities of US$11.5 million mainly reflects US$5 million Tranche 2 of the Nomura-Eximbank Senior Secured Facility drawn down in the third quarter of 2015, US$2.0 million received in respect of the issue of convertible notes, and US$0.5 million working capital less repayment of borrowings.

5.4 Financing

During the year the Company raised and entered into agreements for a total of US$15.25 million.

A total of 122,670,170 CDIs were issued during the year as a condition precedent to drawdown of the Tranche 2 US$5 million of the senior secured debt Facility and to raise approximately US$5.25 million in equity. A total of 61,335,085 2-year warrants were issued, for no consideration, to subscribers under the equity raise; 44,260,914 warrants are exercisable at A$0.06 per CDI and 17,074,171 warrants are exercisable at A$0.057 per CDI. While the warrants were issued for no consideration they were integral to the capital raising as a package.

The US$5 million Tranche 2 of the senior secured debt Facility of US$45 million was drawn down in September 2015. A total of 27,844,150 unquoted warrants, exercisable at A$0.057 each on or before 12 November 2017, were issued to lenders in accordance with the terms of the Facility. 2,022,890 CDIs were issued Juniper Capital for services in relation to the Tranche 2 financing.

The warrants have been accounted for as a derivative financial liability as the functional currency of the company is US$ and the currency in which the warrants have been is issued is A$. They therefore break the "fixed for fixed" criteria in IAS 39 and have been recognised at fair value on the statement of financial position.

In December 2015 the Company entered into a US$5 million working capital facility in the form of convertible notes with its major shareholder Provident Minerals Pte Ltd. US$2 million of the facility was drawn down in December 2015 with the remaining US$3 million drawn in January 2016. US$2.5 million of the total US$5 million working capital facility was assigned by Provident Minerals Pte Ltd to PT Saratoga Investama Sedaya Tbk in January 2016.

6. Key Management Personnel

Key management personnel (KMP) are those persons having authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly. For the year ended 31 December 2015, the KMP were the Directors, Managing Director (MD) and Chief Operating Officer (COO).

The following is the board composition and KMPs as at 31 December 2015:

Executive Directors:

- David Fowler (appointed Managing Director 14 April 2015)
- Adi Adriansyah Sjoekri (Director of Government Liaison, Permitting and Forestry)

Non-Executive Directors:

- Stephen Robinson
- Jocelyn Waller
- Gavin Caudle

Executives:

- Donovan Harper (COO)

Signed in Perth this 31st day of March 2016 in accordance with a resolution of the Board of Directors:

Stephen Robinson
Non-Executive Chairman

Remuneration Report

The policy of remuneration of Directors is to ensure the remuneration package properly reflects the person's duties and responsibilities, and that remuneration is competitive in attracting, retaining and motivating people of the highest quality.

Remuneration Report

Details of the nature and amount of each major element of the remuneration of each Director and Key Management Personnel "KMP" of the Group are:

	Year	Primary fees $US	STI cash bonus $US	Post-employment contributions $US	Termination payment $US	Options and performance rights $US	Total $US	Options as a % of remuneration
Executive directors								
David Fowler [a]	2015	240,152	-	23,083	-	65,815	329,050	20.0%
	2014	225,800	-	21,169	-	82,828 [c]	329,797	25.1%
Julian Ford [b]	2015	-	-	-	-	-	-	-
	2014	288,251	-	28,473	112,535	-	429,259	-
Adi Adriansyah Sjoekri	2015	223,944	-	27,481	-	65,815	317,240	21.0%
	2014	216,768	-	-	-	60,025 [c]	276,793	21.7%
Non-executive directors								
Stephen Robinson	2015	67,608	-	6,423	-	-	74,031	-
	2014	60,966	-	5,724	-	-	66,690	-
Jocelyn Waller	2015	53,643	-	-	-	-	53,643	-
	2014	54,192	-	-	-	-	54,192	-
Gavin Caudle	2015	60,000	-	-	-	-	60,000	-
	2014	54,192	-	-	-	-	54,192	-
Executives								
Donovan Harper	2015	187,800	-	17,841	-	65,815	271,465	24.0%
	2014	225,800	-	21,169	-	-	246,969	-
Total, all Directors and Key Management Personnel								
	2015	**833,147**	**-**	**74,828**	**-**	**197,445**	**1,105,420**	**17.9%**
	2014	**1,125,969**	**-**	**76,535**	**112,535**	**142,853**	**1,457,892**	**9.8%**

(a) David Fowler was appointed Managing Director effective 14 April 2015.
(b) Julian Ford resigned as Managing Director and CEO effective 31 December 2014.
(c) The expense relates to performance rights granted and subsequently cancelled at 31 December 2014 as the performance conditions were not met at vesting date. The KMPs will not receive any benefit from these performance rights.

The Directors present their report and the audited financial statements of the Group for the year ended 31 December 2015.

Directors

The names and particulars of the Directors of the Company who served at any time during or since the end of the financial year are:

Stephen Daniel Robinson B.Sc.

Independent Non-Executive Director – appointed 8 July 2013 and Non-Executive Chairman –appointed 23 August 2013, Member of the Audit and Risk Committee & Chairman of the Remuneration and Nomination Committee

Mr Robinson is an experienced Australian mining executive and a Rhodes Scholar. He is a Director of independent corporate advisory firm Lincoln Capital Pty Ltd and has extensive international experience at senior executive levels within the mining industry.

Mr Robinson previously was Director of Business Development & Strategy at Barrick (Australia Pacific) Limited and Non-Executive Director of Orrex Resources Ltd and Bulletin Resources Ltd. Mr Robinson served as Group Manager Planning with the leading Australian mineral sands producer Iluka Resources Ltd and was a senior manager in the gold business unit at WMC Resources Ltd.

David Thomas Fowler B.Bus, Post Grad Dip Finance & Investment

Managing Director – appointed 14 April 2015

David Fowler is a highly experienced corporate finance executive with over 25 years' experience working in the mining industry in Asia, South America and Australia.

Mr Fowler previously served as Chief Executive Officer and Director of Orosur Mining Inc., having previously held the position of Finance Director for the same company. Mr Fowler is a director of Merdeka Copper Gold Tbk.

Adi Adriansyah Sjoekri BSc, MSc, MBA (Management)

Executive Director – appointed 31 March 2011

Adi Sjoekri is an Indonesian national who graduated with a degree and a Master of Science in Geology from the Colorado School of Mines in the USA. He completed his further education with an MBA in management at Monash University in Jakarta.

Mr Sjoekri has more than 17 years' experience working for major companies such as CSR and Newmont throughout Indonesia and more recently as a successful consultant to the mining industry. He was instrumental in recognising the opportunity to acquire mineral tenements in Sumatra in 2006.

Jocelyn Severyn de Warrenne Waller MA (Hons) (Cantab)

Non-Executive Director, Chairman of the Audit and Risk Committee & Member of the Remuneration and Nomination Committee

Jocelyn Waller is a British national who is a founding shareholder and Director of the Company. Mr Waller graduated from Churchill College, Cambridge with a Master of Arts in History in 1965 and has since spent his entire career in the mining industry. For 22 years he worked for the Anglo American group and was involved variously with tin mining (Malaysia and Thailand), copper/cobalt (Zaire), potash (UK), tungsten (Portugal), exploration and metal sales (London).

In 1989 he set up Avocet Mining plc ('Avocet') and as CEO developed the Penjom gold mine in Malaysia and listed Avocet on the London Stock Exchange. In 2000 he set up Trans-Siberian Gold plc ('TSG') to develop gold projects in Eastern Russia listing TSG on the AIM market of the LSE in 2003.

Gavin Arnold Caudle B.Com Finance and Law, Chartered Accountant

Non-Executive Director – appointed 26 September 2013

Mr Caudle is Perth born and educated and has over 20 years' experience in the finance and investment sectors in Australia, Singapore and Indonesia. He joins the Board as the representative of Sumatra's major shareholder and cornerstone investor, Provident Minerals Pte Ltd.

Since 2003, together with his partners, Mr Caudle has developed numerous successful businesses in Indonesia including Tower Bersama Group (a telecommunications infrastructure business) and Provident Agro (a plantation business) with assets currently valued in excess of $4 billion. Mr Caudle was previously a partner in Arthur Andersen Jakarta Office and Country Head of the Investment Bank Salomon Smith Barney for Indonesia.

Mr Caudle is currently a Director of Provident Capital Partners Pte Ltd and a Non-Executive Director of two other ASX-listed resource companies, Finders Resources Limited and Sihayo Gold Limited. Mr Caudle is a director of Merdeka Copper Gold Tbk.

Mark Satterly

Joint Company Secretary – appointed 31 July 2015

Mark Satterly studied law at Wadham College, Oxford and qualified as a solicitor in England and Wales in 1989. Since qualification he has practiced as a corporate lawyer first in the City of London and then for the Cambridge office of an international law firm. He joined legal firm Barr Ellison as a corporate partner in 2014. He specialises in advising companies on transactions as well as corporate governance, directors' duties and company administration.

Susan Hunter BCom; ACA; F Fin; GAICD; ACIS; ACSA

Joint Company Secretary – appointed 1 October 2013

Ms Hunter has over 19 years' experience in the corporate finance industry. She is founder and Managing Director of consulting firm Hunter Corporate Pty Ltd, which specialises in the provision of corporate governance and company secretarial advice to ASX listed entities, and previously held senior management roles at Ernst & Young, PricewaterhouseCoopers and Bankwest, both in Perth and Sydney.

Ms Hunter holds a Bachelor of Commerce degree majoring in accounting and finance, is a Fellow of the Financial Services Institute of Australasia, a Graduate Member of the Australian Institute of Company Directors and a Member of the Australian Institute of Chartered Secretaries and Administrators and Chartered Secretaries Australia.

Directors Meetings

The number of Directors' meetings held and number of meetings attended by each of the Directors of the Company, while they were a Director, during the year ended 31 December 2015 are:

	Board meetings		Audit and risk committee meetings		Remuneration and nomination committee	
	Held	Attended	Held	Attended	Held	Attended
Stephen Robinson	14	14	4	4	2	2
David Fowler	9	9	-	-	-	-
Adi Sjoekri	14	12	-	-	-	-
Jocelyn Waller	14	13	4	4	2	2
Gavin Caudle	14	10	-	-	-	-

(a) Messrs Waller and Robinson are members of the Audit and Risk Committee with Mr Waller as Chair.
(b) Messrs Waller and Robinson are members of the Remuneration and Nomination Committee with Mr Robinson as Chair.
(c) Mr Fowler was appointed as Managing Director on 14 April 2015. Previously Mr Fowler was the Acting CEO.

Directors Interests

At 31 December 2015, the beneficial interests of each Director of the Company in the issued share capital of the Company are:

	Held at 1 January 2015 Number	Purchased Number	Sold Number	Exercise of options Number	Held at 31 December 2015 Number
Stephen Robinson	290,000	-	-	-	290,000
David Fowler	-	-	-	-	-
Adi Sjoekri	5,251,501	-	-	-	5,251,501
Jocelyn Waller	1,866,412	-	-	-	1,866,412
Gavin Caudle [(a)]	194,785,543	43,103,114	-	-	237,888,657

(a) These CHESS Depositary Interests (CDIs) are held by Provident Minerals Pte Ltd and HSBC Custody Nominees (Australia) Limited on behalf of Provident Minerals Pte Ltd. Gavin Caudle is a director and shareholder of Provident Minerals Pte Ltd and has a relevant interest in these CDIs

Option Holdings

Options granted to Directors

At 31 December 2015, the beneficial interests of each Director of the Company in options over the unissued share capital of the Company are:

	Held at 1 January 2015 Number	Granted during the year Number	Lapsed during the year Number	Cancelled during the year Number	Held at 31 December 2015 Number	Exercise Price $A	Expiry date
Julian Ford[(a)]	2,000,000	-	(2,000,000)	-	-	0.250	14/06/2017
	2,000,000	**-**	**(2,000,000)**	**-**	**-**		
Adi Sjoekri	1,000,000	-	-	-	1,000,000	0.250	14/06/2017
	1,000,000	**-**	**-**	**-**	**1,000,000**		
Gavin Caudle[(b)]	-	12,045,000	-	-	12,045,000	0.060	07/04/2017
	-	9,506,557	-	-	9,506,557	0.057	07/08/2017
	-	**21,551,557**	**-**		**21,551,557**		
	3,000,000	**21,551,557**	**(2,000,000)**	**-**	**22,551,557**		

(a) Julian Ford resigned as Managing Director and CEO effective 31 December 2014. The 2,000,000 Options held at 31 December 2014 lapsed on 31 March 2015, the date which is three months after his retirement date, in accordance with the Company's Share Option Scheme.
(b) These are warrants held by Provident Minerals Pte Ltd. Mr Caudle is a director and shareholder of Provident Minerals Pte Ltd and has a relevant interest in these warrants.

Note that these option and warrant holdings are not quoted on ASX.

Other security interests

At 31 December 2015, Provident Minerals Pte Ltd held 2,000,000 convertible notes, each exercisable at A$0.057 into one CHESS Depositary Interest, with a maturity date of 12/11/2017. Subsequent to the end of the financial year, in January 2015 Provident Minerals Pte Ltd subscribed for a further 500,000 convertible notes. Gavin Caudle is a director and shareholder of Provident Minerals Pte Ltd and has a relevant interest in these convertible notes.

Unissued shares under option or warrant

At the date of this report, unissued ordinary shares of the Company under option or warrant are:

Exercise price[a]	At the date of this report Number	Expiry date
A$0.250 (US$0.182)	1,500,000	14/06/2017
A$0.057 (US$0.041)	250,597,351	12/11/2017
A$0.060 (US$0.043)	44,260,914	07/04/2017
A$0.057 (US$0.042)	17,074,171	07/08/2017
Total	**313,432,436**	

(a) All options are exercisable in A$ (presented in US$ at 31 December 2015 rate of $0.7289)

In addition to the options and warrants above, at the date of this report the Company has 5,000,000 convertible notes on issue, each note convertible to 1 CHESS Depositary Interest at an exercise price of A$0.057 on or before 12 November 2017.

Details of options issued by the Company are set out in the capital and reserves note to the financial statements. The names of persons who currently hold options are entered in the register of options kept by the Company pursuant to the Corporations Act 2001. This register may be inspected free of charge.

The persons entitled to exercise the options do not have, by virtue of the options, the right to participate in a share issue of any other body corporate.

Indemnification of Officers

As permitted by the Articles of Association, the Directors have the benefit of an indemnity which is a qualifying third party indemnity provision as defined by Section 234 of the Companies Act 2006. The indemnity was in force throughout the last financial year and is currently in force. The Company also purchased and maintained throughout the financial year Directors' and Officers' liability insurance in respect of itself and its Directors.

During or since the end of the financial year, the Company has not indemnified an officer or auditor of the Company against a liability incurred by such an officer or auditor.

Non-audit Services

PWC LLP were the Company auditors during the year until the 2015 Annual General Meeting of the Company ("2015 AGM") held on 29 May 2015. During their term PWC LLP completed the statutory duties in regards to the 2014 Annual Financial Statements. At the 2015 AGM, BDO LLP was appointed as the Company auditors. At the time of appointment BDO Australia had been engaged in performing valuation services, since the appointment, all other services in addition to their statutory duties have ceased.

The Board has considered the non-audit services provided during the year by the auditors and is satisfied that the provision of those non-audit services during the year by the auditors is compatible with, and did not compromise, the auditor independence.

- all non-audit services were subject to the corporate governance procedures adopted by the Company and have been reviewed by the Board to ensure they do not impact the integrity and objectivity of the auditor; and
- the non-audit services provided do not undermine the general principles relating to auditor independence as they did not involve reviewing or auditing the auditor's own work, acting in a management or decision making capacity for the Company, acting as an advocate for the Company or jointly sharing risks and rewards.

Details of the amounts paid to the prior auditors of the Company, PWC LLP, and the current auditors of the Company, BDO LLP, and its related practices for audit and non-audit services provided during the year are set out over the page.

	31 December 2015 US$	31 December 2014 US$
Statutory audit		
Fees payable to the Company's auditors for the audit of the parent company and consolidated financial statements		
PWC LLP	-	82,000
BDO LLP	99,300	-
	99,300	**82,000**
Other services		
Fees payable to the Company's auditors and its associates for other services:		
Audit of the Company's subsidiaries		
PWC LLP	-	90,000
BDO LLP	32,400	-
Review of half-year consolidated financial statements		
PWC LLP	-	51,900
BDO LLP	34,100	-
Provision of valuation services		
BDO Australia	32,182	-
	98,682	**141,900**
	197,982	**223,900**

Principal Activities

The Group's principal activity is to acquire, explore, develop and mine gold-silver and other metal deposits in Sumatra, Indonesia. The Group's principal assets are the Tembang (formerly Rawas) gold-silver mine, commissioned in September 2015, and the Tandai exploration project. The Company's principal activity is that of a holding company.

Business Review and Future Developments

A review of the business can be found in the Strategic Report on page 1.

Results and Dividends

The Group's loss for the financial year was US$43.9 million (2014: restated loss of US$4.89 million) The Directors do not propose the payment of a dividend for the year (2014: Nil).

Creditor Payment Policy

The Group's policy is to pay suppliers in accordance with agreed terms and this policy will continue for the year ended 31 December 2015. The Group does not follow a specific code or standard in respect of such creditors. It is usual for suppliers to be paid within 60 days of receipt of a valid invoice.

Employee Policy

The Group is committed to promoting policies aimed at attracting high calibre employees to ensure the ongoing success of the business. The Group does not discriminate on the grounds of sex, age, marital status, creed, colour, race or ethnic origin. Applications for employment by disabled persons are always considered in full, bearing in mind the respective aptitudes and abilities of the applicant concerned. In the event of members of staff becoming disabled, every effort is made to ensure that their employment with the Group continues and the appropriate training is arranged. It is the policy of the Group that the training, career development and promotion of a disabled person should, so far as possible, be identical to that of all other employees.

Events since the Balance Sheet Date

On 16 December 2015 the Company announced that it had obtained a US$5 million working capital facility in the form of convertible notes provided by its major shareholder Provident Minerals Pte Ltd ("Provident") ("Convertible Note Agreement"). Under the Convertible Note Agreement, Provident subscribed for a first tranche of 2 million convertible notes, for a consideration of US$2 million, to be issued under the Company's available placement capacity under ASX Listing Rule 7.1 ("First Tranche"). A second tranche of up to 3 million convertible notes for a consideration of US$3 million ("Second Tranche") would be issued subject to approval of the shareholders of the Company ("Shareholders"). Subsequent to the end of the quarter, approval for the Second Tranche was received at a General Meeting of Shareholders held on 11 January 2016.

The Company also entered into a working capital loan facility ("Working Capital Facility") with Provident to provide up to US$3 million, to be repaid on the earlier of the issue of the Second Tranche of convertible notes or on the maturity date of the convertible notes. During the December 2015 quarter the First Tranche of US$2 million was drawn down (Appendix 3B dated 23 December 2015) and US$0.5 million was drawn down by the Company under the Working Capital Facility.

Subsequent to the end of the year US$0.5 million of the Second Tranche was provided by Provident. The Company used the proceeds to repay the US$0.5m Working Capital Facility (Appendix 3B, 29 January 2016). Provident assigned the remaining US$2.5m Second Tranche to major shareholder PT Saratoga Investama Sedaya which was drawn down by the Company (Appendix 3B dated 29 January 2016).

On 31 March 2016 the Company announced that it had obtained a further US$2.0 million of funding under an amendment of its Convertible Note Agreement provided by Provident Minerals Ltd (Provident) and PT Saratoga Investama (Saratoga). Under this amendment of the convertible note agreement Provident and Saratoga subscribed for 2.0 million US$1 convertible notes for a consideration of US$2.0 million to be issued under the Company's available placement capacity under ASX Listing Rule 7.1.

Going Concern

At 31 December 2015 the Group had cash of US$0.89 million and net current liabilities of US$3.83 million. Current liabilities include trade and other payables, and debt and financing facilities obligations. The Group's detailed cash flow forecasts show that the Group has sufficient working capital for at least a year from the date these Annual Financial Statements are approved. The cash flow forecasts are based on the Group's principal asset, the Tembang Gold-Silver Mine in Sumatra, Indonesia ("Tembang") achieving sustainable production levels as it transitions to commercial production, and thereby generating sufficient cash flows. This indicates the existence of material uncertainties which may cast significant doubt as to the Group's ability to continue as a going concern.

Subsequent to the year end, ore grade and gold and silver production have increased during the March 2016 quarter over that produced during the December 2015 quarter. The Group is expected to be cash generative during the second quarter of 2016 with planned sustainable production levels of at least 3,000 gold equivalent ounces per month.

Subsequent to the end of the year Sumatra's two major shareholders have contributed a further US$2 million in the form of convertible notes to fund the Company's debt service reserve account commitments and interest payments for the March 2016 quarter. Debt providers have been supportive of the Company's position and are expected to remain supportive to allow the Group to achieve sustainable production levels.

The Company has received a term sheet for a VAT funding facility and is considering a number of initiatives to reduce debt levels during 2016.

The Directors believe there to be a reasonable prospect of the Group generating cashflows from operations to fund its business and anticipates that it can improve its capital structure during 2016. In the event that some combination of the above events fails to occur as expected, the Group may be unable to realise its assets and discharge its liabilities in the normal course of business, and would need to seek additional funding in order to meet its liabilities as they fall due.

The financial statements do not include the adjustments that would result if the Group was unable to continue as a going concern.

Annual General Meeting ('AGM')

This report and financial statements will be presented to shareholders for their approval at the Group's AGM. The Notice of the AGM will be distributed to shareholders with the Annual Financial Statements.

Share Capital and Share Options:

Details of changes in share capital and details of share options are given in note 24.

Directors' Remuneration:

The Remuneration Committee reviews and establishes the level of remuneration for Directors. The level of remuneration is set so as to attract the best candidates for the Board while maintaining a level commensurate with boards of similar size and type.

For details on the amount of remuneration for each Director, refer to the Key Management Personnel note to the financial statements and the Remuneration Report.

Financial Risk Management

See note 25 for details on financial risk management.

Statement of Directors' Responsibilities

The Directors are responsible for preparing the Annual Financial Statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the Group financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union.

Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and the Company and of the profit or loss of the Company and Group for that period.

In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state they have been prepared in accordance with IFRSs as adopted by the European Union, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business; and
- prepare a director's report and strategic report which comply with the requirements of the Companies Act 2006.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and the Group and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and the Group and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Website publication

The Directors are responsible for ensuring the annual report and the financial statements are made available on a website. Financial statements are published on the company's website in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions. The maintenance of and integrity of the Company's website is the responsibility of the directors. The director's responsibility also extends to the ongoing integrity of the financial statements contained therein.

Disclosure of information to auditors

Each of the persons who are directors at the time when this report is approved, confirm that to their best of their knowledge:

- there is no relevant audit information of which the Company's auditors are unaware; and
- they have taken all the steps that he ought to have taken as a Director in order to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

On behalf of the Board

S. Robinson

Stephen Robinson

Non-Executive Chairman

31 March 2016

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SUMATRA COPPER & GOLD PLC

We have audited the financial statements of Sumatra Copper & Gold plc for the year ended 31 December 2015 which comprise the consolidated and parent company statements of financial position, the consolidated and parent company statements of comprehensive income, the consolidated and parent company statements of cash flows, the consolidated and parent company statements of changes in equity and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As explained more fully in the statement of directors' responsibilities, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Financial Reporting Council's (FRC's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the FRC's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent company's affairs as at 31 December 2015 and of the group's and the parent company's loss for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Emphasis of matter – going concern

In forming our opinion on the consolidated and parent company financial statements, which are not modified, we have considered the adequacy of the disclosures made in note 2 to the consolidated financial statements and note 1 of the parent company financial statements concerning the group's and company's ability to continue as a going concern. The financial statements have been prepared on a going concern basis and the validity of this depends on the group successfully achieving cash flows from operations and sustainable production levels, and securing future working capital facilities. If cash flows and production levels are not met the group will require additional funding in order to meet its obligations as they fall due. These conditions, along with other matters explained in note 2 to the consolidated financial statements, indicate the existence of a material uncertainty which may cast significant doubt about the group's and parent company's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the group and parent company were unable to continue as a going concern.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion:

- the information given in the strategic report and directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following:

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements to be audited are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Scott Knight

Scott Knight (senior statutory auditor)

For and on behalf of BDO LLP, statutory auditor

London

United Kingdom

Date: 31 March 2016

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

Consolidated Statement of Comprehensive Income

For the year ended 31 December 2015

	Note	31 December 2015 US$000	31 December 2014 (restated) US$000
Expenses			
General expenses		(3,802)	(3,272)
Share-based payments expense	23	201	(143)
Provision for impairment of exploration and evaluation assets	12	-	(323)
Provision for impairment of property, plant and equipment	13	(45,300)	-
		(48,901)	**(3,738)**
Derivative gain/(loss)	14	755	(123)
Operating loss		**(48,146)**	**(3,861)**
Finance income	8	61	25
Finance costs	9	(1,665)	(506)
Net financing costs		**(1,604)**	**(481)**
Loss before income tax	5	**(49,750)**	**(4,342)**
Income tax benefit	10	4,500	-
Loss for the year		**(45,250)**	**(4,342)**
OTHER COMPREHENSIVE INCOME			
Items that may be reclassified subsequently to profit or loss:			
Foreign currency translation differences		174	(301)
Effective portion of changes in fair value of cash flow hedges		4,463	(421)
Other comprehensive loss for the year, net of tax		**4,637**	**(722)**
Total comprehensive loss for the year attributable to owners of the parent		**(40,613)**	**(5,064)**
LOSS PER SHARE			
Basic loss per share (US cents per share)	11	(6.81)	(0.95)
Diluted loss per share (US cents per share)	11	(6.81)	(0.95)
Weighted basic average number of shares outstanding (000's)	11	664,740	455,669
Weighted diluted average number of shares outstanding (000's)	11	664,740	455,669

The consolidated statement of comprehensive income is to be read in conjunction with the notes to the consolidated financial statements.

Consolidated Statement of Financial Position

For the year ended 31 December 2015

	Note	31 December 2015 US$000	31 December 2014 (restated) US$000
ASSETS			
Non-current assets			
Property, plant and equipment	13	48,103	50,155
Exploration and evaluation assets	12	2,522	2,781
Deferred tax assets	10	4,500	-
Derivative financial instruments	14	610	1,342
Total non-current assets		**55,735**	**54,278**
Current assets			
Trade and other receivables	15	6,944	4,465
Inventories	16	2,966	-
Derivative financial instruments	14	2,878	732
Cash and cash equivalents	17	890	26,527
Total current assets		**13,678**	**31,724**
TOTAL ASSETS		**69,413**	**86,002**
LIABILITIES & EQUITY			
Non-current liabilities			
Borrowings	19	40,886	32,457
Derivative financial liability	14	1,235	2,317
Convertible loans	20	1,412	-
Provisions	21	871	1,175
Total non-current liabilities		**44,404**	**35,949**
Current liabilities			
Trade and other payables	18	15,779	6,372
Provisions	21	95	-
Borrowings	19	941	314
Total current liabilities		**16,815**	**6,686**
Total liabilities		**61,219**	**42,635**
Equity attributable to owners of the parent			
Ordinary shares	22	11,436	9,547
Share premium account	22	61,953	58,772
Other reserves		9,170	4,163
Accumulated losses		(74,365)	(29,115)
Total equity		**8,194**	**43,367**
TOTAL LIABILITIES AND EQUITY		**69,413**	**86,002**

The consolidated statement of financial position is to be read in conjunction with the notes to the consolidated financial statements.

Consolidated Statement of Changes in Equity

For the year ended 31 December 2015

		Attributable to owners of the parent							
	Note	Ordinary shares US$000	Share premium account US$000	Translation reserve US$000	Share-based payment reserve US$000	Hedging reserve (restated) US$000	Convertible loan reserve US$000	Accumulated losses (restated) US$000	Total equity US$000
Balance as at 1 January 2015		**9,547**	**58,772**	**(2,029)**	**5,598**	**(421)**	**1,015**	**(29,115)**	**43,367**
TOTAL COMPREHENSIVE INCOME/(EXPENSE) FOR THE YEAR									
Loss for the year		-	-	-	-	-	-	(45,250)	(45,250)
Other comprehensive income/(expense)									
Foreign currency translation differences		-	-	174	-	-	-	-	174
Movement in fair value of hedge	14	-	-	-	-	4,463	-	-	4,463
Total other comprehensive (expense)/income		**-**	**-**	**174**	**-**	**4,463**	**-**	**-**	**4,637**
Total comprehensive (expense)/income for the year		**-**	**-**	**174**	**-**	**4,463**	**-**	**(45,250)**	**(40,613)**
TRANSACTIONS WITH EQUITY HOLDERS									
Share issue during the period (net of share issue costs)		1,889	3,181	-	-	-	-	-	5,070
Share option and warrants charge during the period		-	-	-	573	-	-	-	573
Options lapsed during the period		-	-	-	(203)	-	-	-	(203)
Total transactions with equity holders	**22**	**1,889**	**3,181**	**-**	**370**	**-**	**-**	**-**	**5,440**
Balance at 31 December 2015		**11,436**	**61,953**	**(1,855)**	**5,968**	**4,042**	**1,015**	**(74,365)**	**8,194**
Balance as at 1 January 2014		**6,800**	**54,676**	**(1,728)**	**2,130**	**-**	**1,015**	**(26,798)**	**36,095**
TOTAL COMPREHENSIVE INCOME/(EXPENSE) FOR THE YEAR									
Loss for the year		-	-	-	-	-	-	(4,342)	(4,342)
Other comprehensive income/(expense)									
Foreign currency translation differences		-	-	(301)	-	-	-	-	(301)
Effective portion of changes in fair value of cash flow hedges		-	-	-	-	(421)	-	-	(421)
Total other comprehensive (expense)/income		**-**	**-**	**(301)**	**-**	**(421)**	**-**	**-**	**(722)**
Total comprehensive (expense)/income for the year		**-**	**-**	**(301)**	**-**	**(421)**	**-**	**(4,342)**	**(5,064)**
TRANSACTIONS WITH EQUITY HOLDERS									
Share issue during the period (net of share issue costs)		2,747	4,096	-	-	-	-	-	6,843
Share option charge during the period		-	-	-	5,493	-	-	-	5,493
Options lapsed during the period		-	-	-	(2,025)	-	-	2,025	-
Total transactions with equity holders		**2,747**	**4,096**	**-**	**3,468**	**-**	**-**	**2,025**	**12,336**
Balance at 31 December 2014 (restated)	2(f)	**9,547**	**58,772**	**(2,029)**	**5,598**	**(421)**	**1,015**	**(29,115)**	**43,367**

The consolidated statement of changes in equity is to be read in conjunction with the notes to the consolidated financial statements.

Consolidated Statement of Cash Flows

For the year ended 31 December 2015

	Note	31 December 2015 US$000	31 December 2014 US$000
Cash flows from operating activities			
Cash used in operations	27	(2,743)	(3,303)
Payment to enter the hedging program		-	(300)
Net cash flow used in operating activities		**(2,743)**	**(3,603)**
Cash flows from investing activities			
Purchase of property, plant and equipment		(31,265)	(11,891)
Payments for exploration and evaluation		-	(323)
Payment received from Newcrest settlement		-	154
Interest received		61	25
Interest paid		(3,234)	(54)
Net cash flow used in investing activities		**(34,438)**	**(12,089)**
Cash flows from financing activities			
Proceeds from borrowings		5,500	40,000
Proceeds from convertible notes		2,000	3,600
Borrowing cost paid		(197)	(2,619)
Funds transferred to interest reserve asset account		(188)	(3,000)
Payment of interest from reserve asset account		-	425
Proceeds from issue of share capital		5,204	-
Share issue costs		(198)	-
Repayment of borrowings		(575)	(314)
Net cash inflow from financing activities		**11,546**	**38,092**
Increase(decrease)/ in cash and cash equivalents		**(25,635)**	**22,400**
Cash and cash equivalents at beginning of year		26,527	4,127
Foreign exchange loss on cash and cash equivalents		(2)	-
Cash and cash equivalents at end of year	17	**890**	**26,527**

The consolidated statement of flows is to be read in conjunction with the notes to the consolidated financial statements.

1. GENERAL INFORMATION

The registered number of Sumatra Copper & Gold plc (the ‘Company’) is 5777015. The Company was incorporated in England on 11 April 2006 in the form of a company limited by shares and was later changed to a public limited company. It is domiciled in the United Kingdom and is Australian resident for income tax purposes. The Company’s shares are traded in the form of CHESS Depositary Interests on the Australian Stock Exchange (ASX). The Company’s registered address is 39 Parkside, Cambridge CB1 1PN United Kingdom.

The consolidated financial statements of the Company for the year ended 31 December 2015 comprise the Company and its subsidiaries (together referred to as the “Group”). The Company acts as the parent company of the Group. The Group is a gold and silver producer on the Indonesian island of Sumatra.

2. BASIS OF PREPARATION

(a) Statement of compliance

The consolidated financial statements of Sumatra Copper and Gold plc have been prepared in accordance with International Financial Reporting Standards (IFRS) and IFRS Interpretations Committee (IRFS IC) as adopted by the European Union and the Companies Act 2006 applicable to companies reporting under IFRS.

The financial statements were approved by the Board of Directors on 31 March 2016.

(b) Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis except for derivatives as measured at fair value, including forward contracts designated as hedges.

The methods used to measure fair values are discussed further in note 3.

(c) Functional and presentation currency

The consolidated financial report is presented in US dollars, which is the Group’s presentation currency. The functional currency of the Company and the Company’s subsidiary in which the Group holds the Tembang assets (PT Dwinad Nusa Sejahtera) is US dollars, and the functional currency of the Company’s other foreign subsidiaries is Indonesian rupiah. The functional currency of each of the Group’s entities is measured using the currency of the primary economic environment in which that entity operates.

(d) Use of estimates and judgements

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

In particular, information about significant areas of estimation uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amount recognised in the financial statements are described below and in the notes:

Note 10 – Deferred taxation

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

A deferred tax asset has been recognised. This is on the basis that the Directors believe there is a reasonable and probable prospect that the Group will generate taxable profits in the future. A deferred tax asset has been recognised for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised.

The Group has US$10.9 million (2014: US$9.7 million) of unrecognised tax losses carried forward. These losses are held in PT Dwinad Nusa Sejahtera and do not expire, they may not be used to offset taxable income elsewhere in the Group.

Further details on taxes are disclosed in Note 10.

Note 13 – Provision for impairment of property, plant and equipment

Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a DCF model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the asset's performance of the CGU being tested. The recoverable amount is sensitive to the key assumptions used to determine the recoverable amount for the CGU. These are disclosed and further explained in Note 13.

Note 14 – Financial Instruments

When the fair values of financial assets and financial liabilities recorded in the statement of financial position cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the Multi Asset Pricing Systems, Black Scholes, and Fisher Black models. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as time period over which to measure volatility, and the risk free interest rate to be applied. Changes in assumptions about these factors could affect the reported fair value of financial instruments. See Note 25 for further disclosures.

Note 15 – Trade and other receivables

Included in the balance of trade and other receivables is recoverable Indonesian value added taxes arising from the construction of the Tembang project as well as operating expenses payments. These amounts are receivable within 12 months from lodgement of claim with the Indonesian tax authority. In the 2015 financial year, claims were made in respect of the 2013 and 2014 financial year, due to be received in 2016.

Note 21 – Provision for rehabilitation

The Group assesses its mine rehabilitation provision at each reporting date. Significant estimates and assumptions are made in determining the provision for mine rehabilitation as there are numerous factors that will affect the ultimate amount provided. These factors include estimates of the extent and costs of rehabilitation activities, technological changes, regulatory changes, cost increases as compared to the inflation rates and changes in discount rates. These uncertainties may result in future actual expenditure differing from the amounts currently provided. The provision at reporting date represents management's best estimate of the present value of the future rehabilitation costs required.

(e) Going Concern

At 31 December 2015 the Group had cash of US$0.89 million and net current liabilities of US$3.1 million. Current liabilities include trade and other payables, and debt and financing facilities obligations. The Group's detailed cash flow forecasts show that the Group has sufficient working capital for at least a year from the date this annual financial statements is approved. The cash flow forecasts are based on the Group's principal asset, the Tembang Gold-Silver Mine in Sumatra, Indonesia ("Tembang") achieving sustainable production levels as it transitions to commercial production, and thereby generating sufficient cash flows. This indicates the existence of material uncertainties which may cast significant doubt as to the Group's ability to continue as a going concern.

Subsequent to the year end, ore grade and gold and silver production have increased during the March 2016 quarter over that produced during the December 2015 quarter. The Group is expected to be cash generative during the second quarter of 2016 with planned sustainable production levels of at least 3,000 gold equivalent ounces per month.

Subsequent to the end of the year Sumatra's two major shareholders have contributed a further US$2 million in the form of convertible notes to fund the Company's debt service reserve account commitments and interest payments for the March 2016 quarter. Debt providers have been supportive of the Company's position and are expected to remain supportive to allow the Group to achieve sustainable production levels.

The Company has received a term sheet for a VAT funding facility and is considering a number of initiatives to reduce debt levels during 2016.

The Directors believe there to be a reasonable prospect of the Group generating cash flows from operations to fund its business and anticipates that it can improve its capital structure during 2016. In the event that some combination of the above events fails to occur as expected, the Group may be unable to realise its assets and discharge its liabilities in the normal course of business, , and would need to seek additional funding in order to meet its liabilities as they fall due.

The financial statements do not include the adjustments that would result if the Group was unable to continue as a going concern.

(f) Restatement of prior year

(i) Following the year end Management has reassessed the accounting for the PT BUG acquisition and determined that the nature of this transaction was an asset purchase rather than business combination, although a company is acquired, the activities do not readily meet the definition of an operating business. The statement of financial position has been adjusted at 31 December 2014 to reflect the reversal of the acquisition at fair value and the negative goodwill recognised in the profit and loss. The asset has been recognised at the costs incurred to date.

(ii) Management has restated the 31 December 2014 Property, Plant and Equipment to reflect the capitalisation of borrowing costs in line with IAS 23.

(iii) As at 30 June 2015 Management has reassessed the fair value of the gold and silver forward contracts. As part of this assessment Management has moved from using a Black Scholes model, to using a bespoke option pricing model to value these instruments which is appropriate for structured deals such as these.

The impact on the consolidated statement of financial position for the year ended 31 December 2014 is described in the table below. There is no impact on the opening position for 31 December 2014 and therefore a third balance sheet has not been presented.

	31 December 2014 US$000	31 December 2014 (restated) US$000	Adjustment US$000
Consolidated Statement of Financial Position			
(i)			
Property, plant and equipment (non-current asset)	48,929	50,155	1,266
(ii)			
Exploration and evaluation assets (non-current asset)	5,407	2,781	(2,626)
(iii)			
Derivative financial instruments (non-current asset)	6,693	1,342	(5,351)
Derivative financial instruments (current asset)	673	732	59
Derivative financial instruments (non-current liability)	6,847	2,317	(4,530)
Derivative financial instruments (non-current asset)	828	-	(828)
Hedging reserve (equity)	(1,066)	(421)	645
Retained earnings (equity)	(27,137)	(29,115)	(1,978)
Consolidated Statement of Comprehensive Income			
(i)			
Finance costs	1,910	684	(1,226)
(ii)			
Loss on re-measurement of previously held equity interest in associate held in associate	1,101	-	(1,101)
Gain from a bargain purchase in subsidiary	(3,575)	-	3,575
(iii)			
Derivative gain	634	757	123
Net change in fair value of cash flow hedges transferred to other comprehensive income	(634)	-	634
Finance costs	178	-	(178)

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these Consolidated Financial Statements and have been applied consistently by the Group.

(a) Basis of consolidation

The Group consolidated financial statements include the financial statements of Sumatra Copper & Gold plc and each of its subsidiary undertakings.

(i) Subsidiaries

Subsidiaries are entities controlled by the Group. Where the company has control over an investee, it is classified as a subsidiary. The company controls an investee if all three of the following elements are present: power over the investee, exposure to variable returns from the investee, and the ability of the investor to use its power to affect those variable returns. Control is reassessed whenever facts and circumstances indicate that there may be a change in any of these elements of control. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

Investments in subsidiaries are carried at their cost of acquisition in the Company's financial statements.

(ii) Transactions eliminated on consolidation

Intra-group balances, and any unrealised gains and losses or income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

(b) Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements of each of the group's entities are measured using the currency of the primary economic environment in which the entity operates.

(ii) Foreign currency transactions

Transactions denominated in foreign currencies are initially recorded at the functional currency rate ruling at the date of the underlying transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange ruling at the balance sheet date. All exchange differences are recognised in the statement of comprehensive income. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

(iii) Net investment in foreign operations

Exchange differences arising from the transaction of the net investment in foreign operations are disclosed within the translation reserve and recognised in other comprehensive income.

(iv) Group companies

The financial results and position of foreign operations whose functional currency is different from the Group's presentation currency are translated as follows:

- assets and liabilities are translated at the exchange rates that are prevailing at the balance sheet date; and
- income and expenses are translated at the average exchange rate for the period.

Exchange differences arising on translation of foreign operations are transferred directly to the Group's foreign currency translation reserve in other comprehensive income. These differences are subsequently reclassified to profit or loss within the statement of comprehensive income in the period in which the operation is disposed.

(c) Property, plant and equipment

Property, plant and equipment is stated at cost, less accumulated depreciation and accumulated impairment loss.

Depreciation is calculated on a straight line basis over the following expected useful life of the assets. Computer hardware is depreciated at a rate of between 25% and 33.3% per annum, computer software, furniture and fixtures, machinery and equipment, exploration equipment, communication equipment and vehicles at a rate of 25% per annum.

Once the technical feasibility and commercial viability of the extraction of mineral resources in a particular area of interest become demonstrable, the exploration and evaluation assets attributable to that area of interest are reclassified as development assets within property, plant and equipment. All development costs subsequently incurred within that area of interest are capitalised and carried at cost and starts depreciating only when the asset is brought to use. The Group performs impairment testing when facts and circumstances suggest that the carrying amount has been impaired. If it is determined that the asset has been impaired it is immediately written down to its recoverable amount in the statement of comprehensive income (refer note 13).

(d) Impairment

(i) Financial assets

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset. Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and observable data indicating that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

An impairment charge in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the original effective interest rate.

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

All impairment charges are recognised in profit or loss. Any cumulative loss in respect of an available-for-sale financial asset recognised previously in other comprehensive income and expense is transferred to profit or loss.

An impairment charge is reversed if the reversal can be related objectively to an event occurring after the impairment charge was recognised. For financial assets measured at amortised cost and available-for-sale financial assets that are debt securities, the reversal is recognised in profit or loss. For available-for-sale financial assets that are equity securities, the reversal is recognised directly in other comprehensive income and expense.

(ii) Non-financial assets

The carrying amounts of the Group's non-financial assets, other than deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less cost to sell. Value in use is determined as a present value of the estimated real future cash flows expected to arise from the continued use of the asset using assumptions that an independent market participant may consider. These cash flows are discounted using a real post tax discount rate that reflects current market assessments of the time value of money and the risks specific to the cash-generating unit. For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the cash-generating unit).

An impairment charge is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment charges are recognised in profit or loss.

In respect of other assets, impairment charges recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment charge is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment charge is reversed only to the extent that the asset's carrying amount exceeds the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment charge had been recognised.

(e) Convertible loans

The proceeds received on issue of the Group's convertible loans are allocated into their liability and equity components. The amount initially attributed to the debt component equals the discounted cash flows using a market rate of interest that would be payable on a similar debt instrument that does not include an option to convert. Subsequently, the debt component is accounted for as a financial liability measured at amortised cost until extinguished on conversion or maturity of the bond. The remainder of the proceeds is allocated to the conversion option and is recognised in the "convertible loan reserve" within shareholders' equity, net of income tax effects.

Derivatives embedded in host debt contracts, such as convertible loan notes, are accounted for as separate derivatives and recorded at fair value if their economic characteristics and risks are not closely related to those of the host contracts and the host contracts are not held for trading or designated at fair value though profit or loss. These embedded derivatives are measured at fair value with changes in fair value recognised in profit or loss. Reassessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial liability out of the fair value through profit or loss.

Amounts deferred in equity are recycled in the statement of comprehensive income in the periods when the hedged financial instrument. In such cases, the convertible loan is a hybrid financial instrument and the option to convert is an embedded derivative. Attached options (options entered into in consideration for entering into the host contract) on similar terms are also embedded derivatives. Provided certain criteria are met, the Group designates such hybrid contracts as financial liabilities and accounts for them at fair value through the profit and loss account.

(f) Exploration and evaluation assets

Exploration and evaluation expenditure related to an area of interest are written off as incurred except when they are carried forward as an asset in the balance sheet where the rights of tenure of an area are current and it is believed that the costs will be recouped through successful development and exploitation of the area of interest, or alternatively by its sale.

Once the technical feasibility and commercial viability of the extraction of mineral resources in a particular area of interest become demonstrable, the exploration and evaluation assets attributable to that area of interest are reclassified as property, plant and equipment.

Capitalised costs include costs directly related to exploration and evaluation activities in the relevant area of interest. General and administrative costs are allocated to an exploration or evaluation asset only to the extent that those costs can be related directly to operational activities in the relevant area of interest. Capitalised exploration and evaluation costs are written off where the above conditions are no longer satisfied and in particular when it has been determined that a commercial discovery has not been made.

The Group performs impairment testing when facts and circumstances suggest that the carrying amount has been impaired. If it is determined that the asset has been impaired, it is immediately written off in the statement of comprehensive income. This is consistent with the Successful Efforts method of accounting (IFRS 6).

(g) Inventories

Inventories include ore stockpiles, metal in circuit, doré (unrefined gold and silver bullion bars usually consisting of 90% precious metals) and bullion stocks, and consumables and are stated at the lower of cost or net realisable value. The cost of ore stockpiles and gold produced is determined principally by the weighted average cost method using related production costs.

Costs of ore stockpiles, doré and bullion stocks include costs incurred up to the point of stockpiling, such as mining and grade control costs, but exclude future costs of production. Ore extracted is allocated to separate stockpiles based on estimated grade, with grades below defined cut-off levels treated as waste and expensed. While held in physically separate stockpiles, the group blends the ore from each stockpile at an individual mine when feeding the processing plant to achieve the resultant gold content. In such circumstances, lower and higher grade ore stockpiles each represent a raw material, used in conjunction with each other, to deliver overall gold production, as supported by the relevant feed plan.

Net realisable value of ore stockpiles is determined with reference to estimated contained gold and market gold prices applicable. Ore stockpiles which are blended together or with future ore mined when fed to the plant are assessed as an input to the gold production process to ensure the combined stockpiles are carried at the lower of cost and net realisable value. Ore stockpiles which are not blended in production are assessed separately to ensure they are carried at the lower of cost and net realisable value, although no such stockpiles are currently held.

Costs of gold doré and bullion stocks include all costs incurred up until production of an ounce of gold such as milling costs, mining costs and directly attributable mine general and administration costs but exclude transport costs, refining costs and royalties. Net realisable value is determined with reference to estimated contained gold and market gold prices.

Consumables are valued at weighted average cost after appropriate impairment of redundant and slow moving items. Consumable stock for which the group has substantially all the risks and rewards of ownership are brought onto the statement of financial position as current assets.

(h) Financial instruments

(i) Non-derivative financial instruments

Non-derivative financial assets are classified, at initial recognition, as financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, or available for sale (AFS) financial assets, as appropriate. All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

The Group's loans and receivables, which include trade receivables and cash and cash equivalents are subsequently measured at amortised cost using the effective interest rate (EIR) method, less impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the statement of profit or loss. The losses arising from impairment are recognised in the statement of profit or loss in finance costs for loans and in cost of sales or other operating expenses for receivables.

The Group does not have any non-derivative financial assets measured at fair value through profit or loss, held-to-maturity investments, or AFS financial assets at reporting date.

Financial assets are derecognised if the Group's contractual rights to the cash flows from the financial assets expire or if the Group transfers the financial asset to another party without retaining control or substantially all risks and rewards of the asset.

Non-derivative financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, or financial liabilities at amortised cost, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of financial liabilities at amortised cost, net of directly attributable transaction costs.

The Group's financial liabilities at amortised cost include trade and other payables, loans and borrowings, and convertible loans. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit or loss.

The Group does not have any non-derivative financial liabilities measured at fair value through profit or loss.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

(ii) Derivative financial instruments

The Group holds derivative financial instruments to manage its gold and silver price risk exposure. Embedded derivatives are separated from the host contract and accounted for separately if the economic characteristics and risks of the host contract and the embedded derivative are not closely related, a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative, and the combined instrument is not measured at fair value through profit or loss.

Derivatives are recognised initially at fair value; attributable transaction costs are recognised in profit or loss when incurred. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are accounted for as described below.

Hedge accounting

The group designates certain derivatives as either hedges of highly probable forecast transactions or hedges of foreign currency risk of firm commitments (cash flow hedges).

At the inception of the hedge relationship, the group documents the relationship between the hedging instrument and the hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the group documents whether the hedging instrument that is used in a hedging relationship is effective in offsetting changes in fair values or cash flows of the hedged item.

Cash flow hedges

The effective potion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges are deferred in equity. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss in the statement of comprehensive income. Day one gain or loss on designation of forward contracts as a derivative hedging instrument is recognised on the statement of financial position, and amortised over the life of the instrument.

(i) Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, for which it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Rehabilitation

Rehabilitation includes mine closure and restoration costs which include the costs of dismantling and demolition of infrastructure or decommissioning, the removal of residual material and the remediation of disturbed areas specific to the site. Provisions are recognised at the time that the environmental disturbance occurs.

The provision is the best estimate of the present value of the future cash flows required to settle the restoration obligation at the reporting date, based on current legal requirements and technology. Future restoration costs are reviewed annually and any changes are reflected in the present value of the restoration provision at the end of the financial year.

The amount of the provision for future rehabilitation costs is capitalised as an asset and recognised in property, plant and equipment and is depreciated over the useful life of the mineral resource. The unwinding of the effect of discounting on the provision is recognised as a finance cost.

(j) Employee benefits

(i) Share based payment transactions

The Group issues equity-settled share-based payments to its employees. In accordance with IFRS 2, 'Share-based Payments', equity-settled share-based payments are measured at fair value at the date of grant. Fair value is normally measured by use of a Black-Scholes pricing model. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of the number of shares that will eventually vest.

Non-market performance and service conditions are included in assumptions about the number of options that are expected to vest. The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied.

In addition, in some circumstances employees may provide services in advance of the grant date and therefore the grant date fair value is estimated for the purposes of recognising the expense during the period between service commencement period and grant date.

At the end of each reporting period, the group revises its estimates of the number of options that are expected to vest based on the non-market vesting conditions. It recognises the impact of the revision to original estimates, if any, in the statement of comprehensive income, with a corresponding adjustment to equity.

When the options are exercised, the company issues new shares. The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium.

(ii) Wages, salaries and annual leave

Liabilities for employee benefits for wages, salaries and annual leave that are expected to be settled within 12 months of the reporting date, which represent present obligations resulting from employees' services provided to the reporting date, are calculated at undiscounted amounts based on remuneration wage and salary rates that the Group expects to pay as at the reporting date including related on-costs, such as pension and superannuation contributions, social security, workers compensation and health insurance, as well as payroll tax.

(iii) Short-term employee benefits

Short term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid under short term cash incentives if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

(iv) Termination benefits

Termination benefits are recognised as an expense when the Group is committed demonstrably, without realistic possibility of withdrawal, to a formal detailed plan to either terminate employment before the normal retirement date, or to provide termination benefits as a result of an offer made to encourage voluntary redundancy. Termination benefits for voluntary redundancies are recognised as an expense if the Group has made an offer of voluntary redundancy, it is probable that the offer will be accepted, and the number of acceptances can be estimated reliably. If benefits are payable more than twelve months after the reporting date, then they are discounted to their present value.

The group pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The group has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due.

The Group has post-retirement benefits for its Indonesian employees in accordance with Indonesian labour law. A provision for employee benefits is recognised and includes the present value of the future pension plans for employees to be received on retirement.

(k) Revenue recognition

Revenue is recognised to the extent that it is probable that economic benefits will flow to the Group and the revenue can be reliably measured. Interest income is recognised as the interest accrues using the effective interest method.

The Group enters into contracts for the sale of gold. Revenue arising from gold sales under these contracts is recognised when the price is determinable, the product has been delivered in accordance with the terms of the contract, the significant risks and rewards of ownership have been transferred to the customer and collection of the sales price is reasonably assured.

Revenue generated during the commissioning phase is offset against the mining asset base as this is considered integral to the development of the asset.

(l) Finance income and expense

Finance income comprises interest income on funds invested. Interest income is recognised in profit or loss as it accrues, using the effective interest method.

Finance expenses comprise discounting of rehabilitation costs and interest expenses relating to borrowings.

(m) Borrowing costs

The Group capitalises interest costs for qualifying assets. Qualifying assets are assets that require a significant amount of time to prepare for their intended use, including projects that are in the exploration and evaluation, development or construction stages. Transaction costs incurred on the establishment of loan facilities are recognised in the balance sheet and offset against the principal borrowings amount. These costs are amortised over the life of the borrowing using the effective interest rate method.

(n) Current and deferred income tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in the statement of comprehensive income, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

(i) Current tax

The current income tax charge is calculated in accordance with taxation regulations in each jurisdiction that have been or are subsequently enacted by the reporting date. Current tax is based on the taxable income and tax allowable expenses reported by the Group. Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities.

(ii) Deferred tax

Deferred income tax is provided using the liability method on temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted at the balance sheet date.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Deferred tax assets are only recognised when there is sufficient probability of future taxable profits.

(o) Share capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction, net of tax, from the proceeds.

(p) Warrants

Warrants issued under equity raising have been accounted for as a derivative financial liability as the functional currency of the company is US$ and the currency in which the warrants have been is issued is A$. They therefore break the “fixed for fixed” criteria in IAS 39 and have been recognised at fair value on the statement of financial position.

Warrants are measured at fair value at the date of grant. Fair value is measured by use of a Black-Scholes pricing model which takes into account conditions attached to the vesting and exercise of the equity instrument. Any gains and losses on subsequent re-measurement are recorded in profit or loss.

(q) Leases

The determination of whether an arrangement is or contains a lease is based on the substance of the arrangement at inception date, whether fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset, even if that right is not explicitly specified in an arrangement.

Finance leases, which transfer to the Group substantially all the risks and benefits incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in finance costs in profit or loss. Capitalised leased assets are depreciated over the shorter of the estimated useful life of the asset and the lease term if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term.

Operating lease payments are recognised as an operating expense in the statement of comprehensive income on a straight-line basis over the lease term. Operating lease incentives are recognised as a liability when received.

(r) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Project Management Committee, refer note 4 for member details.

(s) Comparatives

Where applicable, comparatives have been adjusted to present them on the same basis as the current period figures.

(t) Production stage

We assess each mine construction project to determine when a mine moves into production stage. The criteria used to assess the start date are determined based on the unique nature of each mine construction project, such as the complexity of a plant or its location. We consider various relevant criteria to assess when the mine is substantially complete and ready for its intended use and moved into the production stage. Some of the criteria considered would include, but are not limited to, the following: (1) the level of capital expenditures compared to construction cost estimates; (2) the completion of a reasonable period of testing of mine plant and equipment; (3) the ability to produce minerals in saleable form (within specifications); and (4) the ability to sustain ongoing production of minerals.

(u) Changes in accounting policy and disclosures

(i) New standards, amendments and interpretations adopted by the group

There have been no new standards adopted by the group for the first time for the financial year beginning on or after 1 January 2015.

(ii) New standards, amendments and interpretations not yet adopted

A number of new standards and amendments to standards and interpretations are effective for annual periods beginning after 1 January 2015, and have not been applied in preparing these consolidated financial statements. None of these is expected to have a significant effect on the consolidated financial statements of the group, except the following set out below:

- IFRS 9, 'Financial instruments', addresses the classification, measurement and recognition of financial assets and financial liabilities. The complete version of IFRS 9 was issued in July 2014. It replaces the guidance in IAS 39 that relates to the classification and measurement of financial instruments. IFRS 9 retains but simplifies the mixed measurement model and establishes three primary measurement categories for financial assets: amortised cost, fair value through Other Comprehensive Income (OCI) and fair value through P&L. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. Investments in equity instruments are required to be measured at fair value through profit or loss with the irrevocable option at inception to present changes in fair value in OCI not recycling. There is now a new expected credit losses model that replaces the incurred loss impairment model used in IAS 39. For financial liabilities there were no changes to classification and measurement except for the recognition of changes in own credit risk in other comprehensive income, for liabilities designated at fair value through profit or loss. IFRS 9 relaxes the requirements for hedge effectiveness by replacing the bright line hedge effectiveness tests. It requires an economic relationship between the hedged item and hedging instrument and for the 'hedged ratio' to be the same as the one management actually use for risk management purposes. Contemporaneous documentation is still required but is different to that currently prepared under IAS 39. The standard is effective for accounting periods beginning on or after 1 January 2018. Early adoption is permitted subject to EU endorsement. The group is yet to assess IFRS 9's full impact.

- IFRS 15, 'Revenue from contracts with customers' deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. Revenue is recognised when a customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the good or service. The standard replaces IAS 18 'Revenue' and IAS 11 'Construction contracts' and related interpretations. The standard is effective for annual periods beginning on or after 1 January 2017 and earlier application is permitted subject to EU endorsement. The group is assessing the impact of IFRS 15.

There are no other IFRSs or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the Group, including IFRS 16 'Leases'.

4. SEGMENT INFORMATION

IFRS 8 Operating Segments requires a management approach under which segment information is presented on the same basis as that provided to the chief operating decision maker. During the construction phase of the Tembang asset the chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments has been identified as the Project Management Committee that makes strategic decisions.

The Project Management Committee comprises: Non-Executive Chairman (Stephen Robinson), Executive Director (Adi Adriansyah Sjoekri), Project Director (Stuart Gula), Project Sponsor (David Fowler), and Project Owner (Donovan Harper).

Once the Tembang asset commenced operations the chief operating decision-maker is identified as the executive team, comprising of Executive Director (Adi Adriansyah Sjoekri), Chief Operating Officer (David Fowler), and Mine Manager Tembang (Donovan Harper).

For the Group, internal reporting is based on the Group’s two geographical markets: Australia and Indonesia. Hence segment information is reported in the same manner. The Group operates in one principal area of activity, that of exploration and development of gold tenements.

Revenue, loss before tax and net assets are all within one activity, that of gold exploration and development.

Segment information on a geographical basis includes Australia where the head office is established and Indonesia where the Tembang and Tandai projects operate. Group revenue for the year to 31 December 2015 was US$1.4m (2014: US$ nil). The Group's revenue is sold on a metals account.

31 December 2015	**Australia US$000**	**Indonesia US$000**	**Consolidated US$000**
Operating (loss)/profit before impairment	(2,286)	(1,315)	(3,601)
Provision for impairment of property plant and equipment	-	(45,300)	(45,300)
Derivative gain / (loss)	1,487	(732)	755
Net financing costs	(99)	(200)	(299)
Loss before tax	**(898)**	**(47,547)**	**(48,445)**
Non-current assets other than financial instruments (ii)	571	54,554	55,125
Segment total assets	**610**	**68,803**	**69,413**
Segment total liabilities	**2,953**	**58,266**	**61,219**

31 December 2014 (restated)	**Australia US$000**	**Indonesia US$000**	**Consolidated US$000**
Operating (loss)/profit before impairment	(3,405)	(333)	(3,738)
Amortisation of derivative asset	-	(123)	(123)
Net financing costs	(472)	(9)	(481)
Loss before tax	**(3,877)**	**(465)**	**(4,342)**
Non-current assets other than financial instruments (1)	778	52,158	52,936
Segment total assets	**8,157**	**77,845**	**86,002**
Segment total liabilities	**931**	**41,704**	**42,635**

(i) Additions during the year ended 31 December 2014 of US$8.4 million mainly relates to development assets, plant and equipment and pre-feasibility cost associated with the Tembang project and US$2.574 million in exploration assets purchased.

(ii) Additions to property plant and equipment in the current year total US$43.3 million, an impairment charge of US$45.3 million was recognised offsetting the increase.

5. LOSS BEFORE INCOME TAX

	31 December 2015 US$000	31 December 2014 (restated) US$000
This has been arrived at after charging the following:		
Auditors' remuneration	198	224
Directors' remuneration (excluding share options)	702	821
Lease expense	-	144
Provision for impairment of exploration and evaluation assets	-	323
Provision for impairment of property, plant and equipment	45,300	-
Amortisation of derivative asset	732	123
Gain on derivative	(1,487)	-
Foreign exchange losses	358	6
Other payroll and related expenses	39	723
Share option costs	(201)	143
Legal and professional fees	182	283
Depreciation	66	51

6. DIRECTORS' EMOLUMENTS AND INTERESTS

The Directors' remuneration for the years ended 31 December 2015 and 31 December 2014 was as follows:

	31 December 2015 US$000	31 December 2014 US$000
David Fowler [(a)]	329	-
Julian Ford [(b)]	-	429
Adi Sjoekri [(c)]	317	217
Stephen Robinson	74	67
Jocelyn Waller	54	54
Gavin Caudle	60	54
	834	**821**

(a) David Fowler was appointed Managing Director effective 14 April 2015.
(b) Julian Ford resigned as Managing Director and CEO effective 31 December 2014.
(c) The expense includes US$60,025 relating to Performance Rights cancelled on 31 December 2014. Mr Sjoekri will not receive any benefit from these performance rights

The movement in share option scheme held by Directors was as follows:

	Held at 1 January 2015 Number	Granted during the year Number	Lapsed during the year Number	Cancelled during the year Number	Held at 31 December 2015 Number	Exercise Price $A	Expiry date
Julian Ford [(a)]	2,000,000	-	(2,000,000)	-	-	0.25	14/06/2017
Adi Sjoekri	1,000,000	-	-	-	1,000,000	0.25	14/06/2017
	3,000,000	**-**	**(2,000,000)**	**-**	**1,000,000**		

(a) Julian Ford resigned as Managing Director and CEO effective 31 December 2014. The 2,000,000 Options held at 31 December 2014 will lapse on 31 March 2015, the date with is three months after Julian Ford's retirement date, in accordance with the Company's Share Option Scheme.

The movement in unissued shares under performance rights held by Directors during the year was as follows:

	Held at 1 January 2015 Number	Granted during the year Number	Lapsed during the year Number	Cancelled during the year Number	Held at 31 December 2015 Number	Value at grant date $A	Vesting date
David Fowler	-	2,500,000	-	-	2,500,000	0.049	1/01/2016
David Fowler	-	2,500,000	-	-	2,500,000	0.049	1/01/2017
Adi Sjoekri	-	2,500,000	-	-	2,500,000	0.049	1/01/2016
Adi Sjoekri	-	2,500,000	-	-	2,500,000	0.049	1/01/2017
	-	**10,000,000**	**-**	**-**	**10,000,000**		

7. EMPLOYEE INFORMATION

By activity	31 December 2015 Number	31 December 2014 Number
Administration	8	6
Construction	33	78
Mining	28	-
Geology	49	-
Processing	68	-
Maintenance and infrastructure	52	-
Security	24	-
Site support	53	-
Environment	25	-
Exploration and evaluation	-	27
	340	**111**

Employee costs	31 December 2015 US$000	31 December 2014 US$000
Wages and salaries	3,536	1,415
Share option compensation charge	(201)	143
Social security cost	492	129
	3,827	**1,687**

Wages and salaries cost capitalised to property, plant and equipment was $2,854,000 (2014: $1,392,000) and capitalised social security costs was $433,000 (2014: 199,000).

Key management personnel (KMP's) are those persons having authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly. For the year ended 31 December 2015 the key management personnel were the Directors and Chief Operating Officer (COO).

Key management costs	31 December 2015 US$000	31 December 2014 US$000
Wages and salaries	833	1,126
Termination payments	-	113
Share option compensation charge	197	143
Social security cost	75	76
	1,105	**1,458**

8. FINANCE INCOME

	31 December 2015 US$000	31 December 2014 US$000
Bank interest income	61	25
	61	**25**

9. FINANCE COSTS

	31 December 2015 US$000	31 December 2014 (restated) US$000
Foreign exchange loss	358	6
Bank interest expense	2	4
Effective interest expense on hedges	-	178
Interest and fees on convertible loan	-	496
Changes in fair value of share based payment warrants	1,305	
	1,665	**684**

Included within property, plant and equipment is capitalised interest costs of US$9,181,000 (2014: US$1,226,000)

10. INCOME TAX

(i) Analysis of charges for the year

Current Tax	31 December 2015 US$000	31 December 2014 US$000
Tax on loss for the year	(4,500)	-
Income tax	**(4,500)**	**-**

(ii) Factors affecting the current tax charge for the year

Reconciliation between the actual income tax expense and the product of accounting loss:

	31 December 2015 US$000	31 December 2014 (restated) US$000
Loss before income tax	**(49,750)**	**(4,342)**
Tax calculated at domestic tax rates applicable to profits in the respective countries – Australia 30% (2014: 30%)	(14,925)	(1,303)
Tax effect of		
Expenses not deductible for tax purposes	13,614	161
Movement in temporary differences	(6,326)	725
Difference in Indonesian tax rate	2,488	218
Losses carried forward not recognised	649	199
Income tax	**(4,500)**	**-**

During the year ended 31 December 2014 the Company received the certificate of tax residency of Australia. Being a resident of Australia for income tax purposes within the meaning of the Australia – United Kingdom convention the Company is liable to pay Australian income tax. There is no tax effect for items in other comprehensive income.

(iii) Deferred tax

At 31 December 2015, the Group had potential and unrecognised deferred tax assets as follows:

	31 December 2015 US$000	31 December 2014 (restated) US$000
Deferred tax asset		
Tax effect of temporary differences recognised as a deferred tax asset	4,500	-
	4,500	**-**
Deferred tax asset not recognised		
Tax effect of temporary differences because of:		
Tax losses carried forward not recognised	10,932	9,097
	10,932	**9,097**

A deferred tax asset has been recognised. This is on the basis that the Directors believe there is a reasonable and probable prospect that the Group will generate taxable profits in the future. A deferred tax asset has been recognised for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised.

The Group has US$10.9 million (2014: US$9.7 million) of unrecognised tax losses carried forward. These losses are held in PT Dwinad Nusa Sejahtera and do not expire, they may not be used to offset taxable income elsewhere in the Group. Tax losses can be carried forward indefinitely and the future tax rate has been considered at 30%.

11. LOSS PER SHARE

	Basic loss per share		Diluted loss per share	
	31 December 2015	31 December 2014 (restated)	31 December 2015	31 December 2014 (restated)
Loss attributable to ordinary shareholders (US$000)	(45,250)	(4,342)	(45,250)	(4,342)
Issued ordinary shares at start of the year	583,709,122	414,467,651	583,709,122	414,467,651
Effect of issue of shares	81,031,363	41,201,832	81,031,363	41,201,832
Weighted average number of shares	**664,740,485**	**455,669,483**	**664,740,485**	**455,669,483**
Loss per share in US cents per share	**(6.81)**	**(0.95)**	**(6.81)**	**(0.95)**

For fully diluted loss per share, the weighted average number of ordinary shares in issue is adjusted to assume conversion of dilutive potential ordinary shares. The Group's potentially dilutive securities consist of share options, convertible loans and warrants issued. As the Group is currently loss-making, none of the potentially dilutive securities are currently dilutive.

12. EXPLORATION AND EVALUATION ASSETS

	31 December 2015 US$000	31 December 2014 (restated) US$000
Balance at the beginning of the period	2,781	-
Expenditure incurred during the period	-	323
Asset acquisition	-	2,458
Effect of exchange rate on assets held in foreign currencies	(259)	-
Balance at the end of the period	**2,522**	**2,781**

13. PROPERTY, PLANT AND EQUIPMENT

	31 December 2015 US$000	31 December 2014 (restated) US$000
Cost		
Balance at the beginning of the year	59,207	49,020
Additions	43,317	9,588
Asset retirement obligation	-	599
Exchange rate movement on assets held in foreign currencies	(3)	-
Balance at the end of the year	**102,521**	**59,207**
Accumulated depreciation		
Balance at the beginning of the year	(9,052)	(9,001)
Depreciation charge for the year	(66)	(51)
Provision for impairment of property, plant and equipment	(45,300)	-
Balance at the end of the year	**(54,418)**	**(9,052)**
Net book value	**48,103**	**50,155**
Breakdown of assets held under finance lease arrangements included above:		
Cost		
Opening Balance	1,107	1,107
Additions	2,522	-
Balance at the end of the year	**3,629**	**1,107**

Property, Plant and Equipment includes: development assets, plant and equipment, fittings and fixtures and pre-feasibility costs mainly associated with the Tembang project.

Property, Plant and Equipment Additions include capitalised wages and salaries (refer Note 7), interest cost (refer Note 9) and revenue during development (refer Note 4).

(a) Provision for impairment of property, plant and equipment

As the Group identified impairment indicators such as the Company's market capitalisation being lower than the value of the long-term assets, the Group performed an impairment test on the recoverability of its assets.

The Group is an emerging gold and silver producer focused in the Indonesian island of Sumatra currently dedicated on developing its 100%-owned Tembang Project, its single asset, therefore the Group determined the Tembang project the cash generating unit (CGU) for impairment purposes. The recoverable amount of the CGU was calculated by way of the development strategy which includes a sustainable exploration program capable of maintaining a rolling 5-year Life of Mine ("LOM") plan funded from Project cash flow.

A new life of mine cash flow model has been prepared based on actual costs incurred to date, forecasts for future production and cash flows based on known variables.

The structure of the model is based on the DFS model created by Optimum Capital and approved by Nomura. The data is updated with knowledge gained from 3 months actual mining and production ramp up experience.

The basis for determination of the recoverable amount was:

- Gold price of US$1,150/oz. (2014: US$1,300/oz.) and Silver price of US$20/oz. (2014: US$15/oz.) – future commodity prices were based on the 2015 consensus views from market participants in the period;
- 50% of gold and silver hedged at a strike price of US$1,108.50/oz and US$14.47/oz respectively;
- Gold and Silver production – gold and silver production forecast is based on the model used for the Definite Feasibility Study (DFS) and Group's updated Life of Mine Plan (LOM);
- Updated (LOM) is based only on JORC reserves as per DFS;
- Operating and capital cost – these costs were based on management's best estimates at the time of the impairment testing;
- Foreign exchange rates – Indonesian Rupiah to US dollar exchange rates were based on the forward curve and consensus views; and
- Discount rate – a post–tax real discount rate of 12.00% (2014:12.50%).

The assumptions above were revised by an Independent Technical Advisor for financing purposes. The cash flows are based on proven and probable reserves only. The Company also believes that, with further drilling and feasibility work, the additional resources will be converted into reserves, mine life will be extended and cash flows will increase at the same rate as the gold price.

Based on the above review, the Group is of the opinion that an impairment of US$45.300 million exists for the carrying value of assets at 31 December 2015 and a provision has been raised (2014: nil).

Sensitivity analysis

The calculation of value in use for the Tembang project is most sensitive to the following assumptions:

- Discount rate
- Commodity prices
- All-in-sustaining costs (ASIC)

Discount rate: A rise in the post-tax discount rate to 13.3% (i.e. +1.3%) would result in a further impairment.

Commodity prices: A fall in the gold price to US$1,136 per ounce or a fall in the silver price to US$13.55 per ounce would result in a further impairment.

All-in-sustaining costs (ASIC): A rise in ASIC to US$786.83 (i.e. +2%) per ounce would result in further impairment.

(b) Security held

The physical assets of PT Dwinad Nusa Sejahtera ('DNS') are held as security under the Senior Secured Debt Facility. Refer to Note 19 for details of this Facility.

14. DERIVATIVE FINANCIAL INSTRUMENTS

	31 December 2015 US$000	31 December 2014 (restated) US$000
Derivative financial asset – forward contract		
Current portion of day 1 loss	732	732
Non-current portion of day 1 loss	610	1,342
Balance at the end of the year	**1,342**	**2,074**
Derivative financial asset/(liability) – forward contract		
Balance at beginning of the year	(2,317)	-
Fair value on initial recognition	-	(1,896)
Fair value movement for forward contract hedging instrument	4,463	(421)
Balance at the end of the year	**2,146**	**(2,317)**
Derivative financial liability – warrant		
Balance at beginning of the year	-	-
Fair value on initial recognition	(830)	-
Fair value through the profit / (loss)	72	-
Balance at the end of the year	**(758)**	**-**
Derivative financial liability – convertible note		
Balance at beginning of the year	-	-
Fair value on initial recognition	(572)	-
Fair value through the profit / (loss)	95	-
Balance at the end of the year	**(477)**	**-**
Net derivative asset (liability)	**2,253**	**(243)**
Current asset	2,878	732
Non-current asset	610	1,342
Non-current liability	(1,235)	(2,317)
	2,253	**(243)**

Forward contracts designated as hedges

On 22 October 2014 the wholly owned subsidiary PT Dwinad Nusa Sejahtera, entered into a senior secured debt facility with Nomura Singapore Limited and Indonesia Eximbank. The facility required that the Company entered into hedging equivalent to 50% of gold and silver production during the first 2 years of operation commencing deliveries during November 2015 to October 2017. The hedge program represents approx. 23% and 16% respectively of the gold and silver ore reserves. The subsidiary paid a premium of US$300,000 for entering the hedging program which will be amortised over the life of the hedge.

On 31 October 2014 the Company entered into its hedging program using a capped forward structure as follows:

(a) Gold - forward contracts

42,000 ounces of gold hedged at a strike price of US$1,108.50/oz. Where the gold price at time of delivery is below US$1,428.50/oz the Subsidiary will receive a gold price of US$1,108.50; where the gold price is above $1,428.50 the Subsidiary will receive a gold price equivalent to the prevailing gold price less $320.00/oz.

The hedge is a short forward contract and a long call. The instrument has been valued using a Multi Asset Pricing System. The two key variables applied to the model are volatility and forward curve pricing.

On average, 51.8% of the Company’s monthly gold production from 30 November 2015 to 31 October 2017 has been allocated to the hedge program. This meets the 50% production condition of the hedging facility for the first two years of production. The gold hedge has been considered an effective hedge.

(b) Silver - forward contracts

343,200 ounces of silver hedged at a strike price of US$14.47/oz. Where the silver price at time of delivery is below US$21.77/oz the Company will receive a silver price of US$14.47; where the silver price is above $21.77 the Company will receive a silver price equivalent to the prevailing silver price less $7.30/oz.

The hedge is of a short forward contract and a long call. The instrument has been valued using a Multi Asset Pricing System. The two key variables applied to the model are volatility and forward curve pricing.

On average, 49.3% of the Subsidiary’s monthly silver production from 30 November 2015 to 31 October 2017 has been allocated to the hedge program. This just fails to meet 50% production condition of the hedging facility for the first two years of production. However, this failure is considered to be within the margin of error in the production forecast. In addition, the silver hedge needs to be considered together with the gold hedge which comfortably exceeds the 50% production condition.

Given the total value of production hedged between gold and silver, the silver hedge has been considered an effective hedge.

Warrants

The Group issued warrants to shareholders on 8 April 2015. These have been accounted for as a derivative financial liability as the functional currency of the company is US$ and the currency in which the warrants have been is issued is A$. They therefore break the “fixed for fixed” criteria in IAS 39 and have been recognised at fair value on the statement of financial position.

Convertible note

The convertible notes on issue gives the noteholder the right to execute at any point prior to the maturity date of the loan facility, being 10 November 2017. By so exercising its right under this agreement the noteholder is able to convert some or all of its US denominated loan amount and outstanding interest into Sumatra’s CDI’s which are denominated in Australian Dollars.

The embedded derivative that must be bifurcated and accounted for separately from the debt host. Accordingly, upon the issuance of the convertible note, the Company recorded the estimated fair value of this option (embedded derivative) as a liability of $572,000 which was recorded by reducing the carrying value of the Convertible Notes by $572,000.

The derivative liability is recorded at fair value with changes in fair value recognised in interest income (expense). There was no change to the fair value from inception on 16 December 2015 and as such no interest income (expense) was recorded.

Fair value measurement

Refer to Note 25 Financial risk management objectives and policies for details of financial liabilities’ fair value measurement.

15. TRADE AND OTHER RECEIVABLES

	31 December 2015 US$000	31 December 2014 US$000
Trade receivables	622	-
Interest reserve account[(a)]	-	2,575
Prepayments and other receivables	1,108	378
VAT and withholding tax receivable[(b)]	5,214	1,512
	6,944	**4,465**

(a) Interest reserve account

As part of the Senior Secured Debt Facility Agreement, the Group is required to maintain a separate interest reserve account ('DSRA') to repay the first year of quarterly interest instalments. The DSRA was funded at initial drawdown from the Debt Facility proceeds (US$3 million). During the year ended 31 December 2014 US$0.425 million was used to pay the first quarterly interest instalment. The balance of US$2.575 million has been used to repay the 2015 quarterly interest.

(b) VAT and withholding tax receivable

VAT and withholding tax receivable include recoverable Indonesian value added taxes arising from the construction of the Tembang project as well as operating expenses payments.

16. INVENTORIES

	31 December 2015 US$000	31 December 2014 US$000
Consumables	705	-
Ore	108	-
Metal in circuit	835	
Doré and bullion stocks	1,318	-
	2,966	**-**

17. CASH AND CASH EQUIVALENTS

	31 December 2015 US$000	31 December 2014 US$000
Cash at bank and on hand	890	26,503
Call deposits	-	24
	890	**26,527**

Of the total cash and cash equivalent held as of 31 December 2015 the highest currency value was US$0.586 million (2014: US$26.1 million), other currencies the Company held cash in were Australian dollars, Indonesian rupiah and Pounds sterling.

18. TRADE AND OTHER PAYABLES

	31 December 2015 US$000	31 December 2014 US$000
Trade payables	4,712	1,863
Other taxes and social security costs	1,579	1,771
Accruals and other payables	9,488	2,738
	15,779	**6,372**

During the years ended 31 December 2015 and 31 December 2014 trade and other payables are mainly repayable in US dollars.

Other taxes and social security cost include indirect taxes incurred in the development and construction phase of the Tembang project.

Accruals and other payables includes the interest accrued in respect of the Senior Secured Debt Facility.

19. BORROWINGS

	Senior secured debt facility US$000	Atlas Copco financing facility US$000	Atlas Copco financing facility US$000	Sandvik financing facility US$000	Working capital facility US$000	Total US$000
Contract number		206612	208524			
Loan term (months)	36	36	36	36	24	
	2014-2018	2013–2016	2015–2018	2015–2018	2015–2017	
Borrowings						
Opening balance	32,170	601	-	-	-	32,771
Proceeds from	5,000	-	515	1,437	500	7,452
Repayment of	-	(313)	(29)	(232)	-	(574)
Borrowing costs						
Capitalised	(638)	-	-	-	-	(638)
Amortisation	2,816	-	-	-	-	2,816
	39,348	**288**	**486**	**1,205**	**500**	**41,827**
31 December 2015						
Current	-	288	171	482	-	941
Non-current	39,348	-	315	723	500	40,886
	39,348	**288**	**486**	**1,205**	**500**	**41,827**

	Senior secured debt facility US$000	Atlas Copco financing facility US$000	Atlas Copco financing facility US$000	Sandvik financing facility US$000	Working capital facility US$000	Total US$000
31 December 2014						
Current	-	314	-	-	-	314
Non-current	32,170	287	-	-	-	32,457
	32,170	**601**	**-**	**-**	**-**	**32,771**

(i) On 22 October 2014, the Company's wholly owned subsidiary, PT Dwinad Nusa Sejahtera ('DNS'), entered into a 3 year Senior Secured Debt Facility of up to US$45 million with Nomura Special Investments Singapore and Indonesia Eximbank repayable at maturity. The Facility is to fund the commercial development of the Tembang Gold Project. The Facility is secured against a number of assets including the shares held by the Company in DNS. All other loans and advances made to DNS, the Company and its subsidiaries will be subordinated to the interests of the lenders under the Facility until all payment obligations of the Facility have been repaid.

The following are the key commercial terms:

(a) One initial tranche ("Tranche 1") of US$40 million, which was drawn down November 2014 after satisfaction of conditions precedent and a second tranche ("Tranche 2") of US$5 million, was drawn down September 2015.

(b) Interest rate of 7.5% per annum increasing to 10.0% after 18 months. Upon any prepayment or repayment of the loan DNS will be required to pay a redemption premium that will result in the lenders receiving an amount equal to 15% per annum (including interest). 85% of surplus free cash flow generated from the Project will be repaid each quarter and the balance of unpaid funds is due in a bullet payment at the end of the 3-year term. The Directors expect no such repayment within 12 months. Interest will be paid quarterly with the redemption premium payable at the end of the loan period.

(c) Borrowing costs of US$8.216 million were incurred to secure this funding and have been offset against the principal borrowings amount. These costs are amortised using the effective interest rate method. Borrowing costs include (US$2.619 million) transaction cost and fees paid in cash; (US$5.350 million) paid in Warrants and (US$0.247 million) paid in shares. Additional borrowing cost of US$638 were incurred during the year and have been offset against the principal borrowings amount. These costs are amortised using the effective interest rate method. Borrowing costs include (US$0.197 million) transaction costs and fees paid in cash; (US$0.376 million) paid in Warrants and (US$0.065 million) paid in shares.

(d) The facility required that the Company entered into hedging equivalent to 50% of gold and silver production during the first 2 years of operation.

(e) The facility also required the grant of an aggregate total of 250,597,351 warrants each convertible into one CHESS Depositary Interest (CDIs) in the Company. On 12 November 2014, 222,753,201 warrants were issued after drawdown of Tranche 1. A further 27,844,150 warrants were issued on 22 September 2015 as a result of the second tranche of the Nomura Facility (US$ 5.0 million) being advanced to the Company.

(ii) In December 2013 the Indonesian Subsidiary PT Dwinad Nusa Sejahtera, entered into a US$1.107 million 36-month financing facility with Atlas Copco Customer Finance AB, to finance an underground drill rig. A payment of US$0.193 million was made at commencement of the facility, with the remaining principal repayable in monthly equal instalments (plus interest at a fixed rate of 7.5%) with the first instalment payable December 2013.

(iii) In May 2015, the Indonesian Subsidiary PT Dwinad Nusa Sejahtera, entered into a contract with Sandvik Mining and Construction OY to finance the purchase of 2x Sandvik Loader LH410 and 1 x Getman 2-500N. The principal amount is repayable over 36 months in equal quarterly instalments (plus interest at a fixed rate of 7.5%) with the first instalment payable August 2015.

(iv) In October 2015, the Indonesian Subsidiary PT Dwinad Nusa Sejahtera, entered into a contract with Atlas Copco Customer Finance AB to finance the purchase of a Boomer TD. The principal amount is repayable over 36 months in equal monthly instalments (plus interest at a fixed rate of 7.5%) with the first instalment payable November 2015.

(v) On 16 December 2015, the Company drew down $0.5 million from Provident Minerals Pte Ltd under the Working Capital Facility. On the 28 January 2016, the company issued 500,000 Tranche 2 convertible notes in repayment of the drawdown.

Finance lease - lessee

	Minimum lease payments US$000	Interest US$000	Present value US$000
Atlas Copco financing facility			
Not later than one year	500	(41)	459
Between one and five years	337	(22)	315
	837	**(63)**	**774**
Current			459
Non-current			315
			774
Sandvik financing facility			
Not later than one year	554	(72)	482
Between one and five years	765	(42)	723
	1,319	**(114)**	**1,205**
Current			482
Non-current			723
			1,205

20. CONVERTIBLE LOANS

	31 December 2015 US$000	31 December 2014 US$000
Convertible loan note	1,412	-
	1,412	**-**

Convertible loan - fair value

On 16 December 2015 the Company announced that it had obtained a US$5 million working capital facility in the form of convertible notes provided by its major shareholder Provident Minerals Pte Ltd (“Provident”) (“Convertible Note Agreement”). Under the Convertible Note Agreement, Provident subscribed for a first tranche of 2 million convertible notes, for a consideration of US$2 million, to be issued under the Company’s available placement capacity under ASX Listing Rule 7.1 (“First Tranche”). A second tranche of up to 3 million convertible notes for a consideration of US$3 million (“Second Tranche”) would be issued subject to approval of the shareholders of the Company (“Shareholders”). Subsequent to the end of the quarter, approval for the Second Tranche was received at a General Meeting of Shareholders held on 11 January 2016.

The Company also entered into a working capital loan facility (“Working Capital Facility”) with Provident to provide up to US$3 million, to be repaid on the earlier of the issue of the Second Tranche of convertible notes or on the maturity date of the convertible notes. During the December 2015 quarter the First Tranche of US$2 million was drawn down (Appendix 3B dated 23 December 2015) and US$0.5 million was drawn down by the Company under the Working Capital Facility.

Subsequent to the end of the year US$0.5 million of the Second Tranche was provided by Provident. The Company used the proceeds to repay the US$0.5m Working Capital Facility (Appendix 3B, 29 January 2016). Provident assigned the remaining US$2.5m Second Tranche to major shareholder PT Saratoga Investama Sedaya which was drawn down by the Company (Appendix 3B dated 29 January 2016).

These notes mature immediately after the maturity date of the US$45 million senior secured debt facility (currently maturing 10 November 2017). Interest on the convertible notes is 10% per annum and is capitalised and forms part of the face value of each convertible note.

Conversion of the notes into CHESS Depositary Interests (CDIs) is at the election of the Noteholder and is calculated at an exercise price of AU$0.057 per CDI at the AU$:US$ exchange rate on the day proceeding the day of conversion. Capitalised interest is converted to $AU at the exchange rate and is payable in CDIs calculated at a deemed conversion price equal to the higher of AU$0.057 and 90% of the volume weighted average price of the Company’s CDIs over the prior 10 trading days.

The convertible notes contain an American style Quanto option, giving the noteholder the right to execute at any point prior to the maturity date of the loan facility, being 10 November 2017. By so exercising its right under this agreement the noteholder is able to convert some or all of its US denominated loan amount and outstanding interest into Sumatra’s CDI’s which are denominated in Australian Dollars.

The embedded derivative that must be bifurcated and accounted for separately from the debt host. Accordingly, upon the issuance of the convertible note, the Company recorded the estimated fair value of this option (embedded derivative) as a liability of $572,000 which was recorded by reducing the carrying value of the Convertible Notes by $572,000.

The derivative liability is recorded at fair value with changes in fair value recognised in interest income (expense). There was no change to the fair value from inception on 16 December 2015 and as such no interest income (expense) was recorded.

21. PROVISIONS

	31 December 2015 US$000	31 December 2014 (restated) US$000
Provision for rehabilitation[(a)]		
Balance at the beginning of the year	599	-
Provisions made during the year	50	599
Balance at the end of the year	**649**	**599**
Provision for employee benefits[(b)]		
Balance at the beginning of the year	576	-
Net provisions made / (utilised) during the year	(259)	576
Balance at the end of the year	**317**	**576**
	966	**1,175**
Current	95	1,175
Non-current	871	-
	966	**1,175**

(a) Provision for rehabilitation

The provision for rehabilitation is an estimate of the value of future costs for dismantling, demobilisation, remediation and ongoing treatment and monitoring of the Tembang project. The Group uses third parties to estimate these costs. The estimate will be reviewed over time as the operation develops. The unwinding of the effect of discounting on the provision is recognised as a finance cost. In addition, the rehabilitation obligation has been recognised as an asset and will be amortised over the life of the mine.

(b) Provision for employee benefits

Provision for employee benefits includes the present value of the future pension plans for Indonesian employees to be received on retirement in accordance with Indonesian labour law.

22. ORDINARY SHARES AND SHARE PREMIUM ACCOUNT

Movement in share capital and premium for the year ended 31 December 2015.

		Number of shares	Ordinary shares US$	Share premium account US$
1 January 2015	Opening balance	583,709,122	9,546,219	58,771,309
8 April 2015	Issue of CDIs[(a)]	88,521,828	1,328,269	2,427,918
7 August 2015	Issue of CDIs[(b)]	34,148,342	530,560	719,440
24 November 2015	Issue of CDIs[(c)]	2,022,890	30,648	34,811
31 December 2015	**Closing balance**	**708,402,182**	**11,435,696**	**61,953,478**

(a) On the 8 April 2015 the group issued 88,521,828 CHESS Depositary Interests (CDIs) at a price of A$0.058 per CDI to professional and sophisticated investors raising A$5.10 million. This issue represents approximately 13% of the total CDIs on issue subsequent to the issue of the placement. Included in the share premium account are transaction costs totalling US$197,865.

(b) On the 8 April 2015 the group issued 34,148,342 CDIs at a price of A$0.05 per CDI to professional and sophisticated investors raising A$1.71 million. This issue represents approximately 4.8% of the total CDIs on issue subsequent to the issue of the placement.

(c) The Group issued, for nil consideration, 2,022,890 CDIs totalling A$91,030 (US$65,459) at A$0.045 per CDI to Juniper Capital Partners Limited for services related to the financing of the Senior Secured Debt Facility.

Movement in share capital and premium for the year ended 31 December 2014.

		Number of shares	Ordinary shares US$	Share premium account US$
1 January 2014	Opening balance	414,467,651	6,798,797	54,675,584
2 October 2014	Issue of CDIs[(a)]	163,833,929	2,663,214	3,932,609
8 December 2014	Issue of CDIs[(b)]	5,407,542	84,208	163,116
31 December 2014	**Closing balance**	**583,709,122**	**9,546,219**	**58,771,309**

(a) The Group issued 163,833,929 CDIs totalling A$7,536,361 (US$6,595,823) at A$0.046 per CDI on conversion of the full capitalised value of the Convertible Loan Facility Agreement, including interest and facility fee entered into on 4 December 2013 with Provident Minerals Pte Ltd and PT Saratoga Investama Sedaya Tbk. The CDIs issued were 82,014,893 and 81,819,036 respectively.

(b) The Group issued, for nil consideration, 5,407,542 CDIs totalling A$297,415 (US$247,324) at A$0.055 per CDI to Juniper Capital Partners Limited for services related to the financing of the Senior Secured Debt Facility.

23. SHARE BASED PAYMENTS

Options

Under the Group's share option scheme, share options are granted to Directors and to selected employees. The exercise price is the greater of the nominal value of the share, or an amount specified by the Board, which if granted at or around a placing must not be less than the price issued at the time of the placing. Options are conditional on the employee completing two years' service (the vesting period). Fifty per cent of the options granted are exercisable after one year and the remainder after two years. The Group has no legal or constructive obligation to repurchase or settle the options in cash. Options have no voting or dividend rights.

Movement in unissued ordinary shares of the Company under option during the year:

Exercise price	Held at 1 January 2015 Number	Lapsed during the year Number	Held at 31 December 2015 Number	Expiry date
A$0.25 (US$0.20)	3,500,000	(2,000,000)	1,500,000	14 June 2017
	3,500,000	**(2,000,000)**	**1,500,000**	

Performance rights

Movement in unissued shares under performance rights during the year:

Valuation per right	Held at 1 January 2015 Number	Granted during the year Number	Held at 31 December 2015 Number	Vesting date
A$0.05 (US$0.049)	-	7,500,000	7,500,000	1 January 2016
A$0.05 (US$0.049)	-	7,500,000	7,500,000	1 January 2017
	-	**15,000,000**	**15,000,000**	

2015 Market performance objectives:

These performance rights are subjected to both service conditions and market vesting conditions. The Group is required to take into consideration the probability of reaching the target share price when estimating the fair value of these equity instruments at grant date. On this basis, the Group will continue to recognise expenses associated with providing this share based payment award to the employee as long as the service condition has been achieved, irrespective of whether the market condition is satisfied.

The fair value of services received in return for these performance rights granted are measured by reference to the fair value of the performance rights. On grant date the estimate of the fair value of the services received is measured based on the spot price at the date of grant. The contractual life of the performance right is used as an input into this model.

The following table summarises the key data in relation to the valuation of market performance rights granted under the LTI Plan are as follows:

Performance condition	Company share price against the ASX gold index	Achievement of project milestones
Underlying spot price	A$0.05	A$0.05
Exercise price	A$0.00	A$0.00
Valuation date	29 May 2015	29 May 2015
Vesting date	1 January 2016	1 January 2017
Vesting period from grant date	7 Months	14 Months
Number of rights	7,500,000	7,500,000
Fair value per right	A$0.05 (US$0.049)	A$0.05 (US$0.049)
Valuation per performance condition	A$375,000 (US$287,779)	A$375,000 (US$287,779)
Entitled number of employees	3	3

Performance rights hurdles conditioned against the ASX gold index were not met and in accordance these rights did not vest on 1 January 2016.

Warrants

Movement in unissued warrants during the year:

Exercise price(i)	Held at 1 January 2015 Number	Issued during the year Number	Cancelled during the year Number	Held at 31 December 2015 Number	Exercise date
A$0.057 (US$0.041)(a)	222,753,201	27,844,150	-	250,597,351	12 November 2017
A$0.060 (US$0.043)(b)	-	44,260,914	-	44,260,914	7 April 2017
A$0.057 (US$0.042)(c)	-	17,074,171	-	17,074,171	7 August 2017
	222,753,201	**89,179,235**	**-**	**311,932,436**	

(i) All options are exercisable in A$ (presented in US$ at 31 December 2015 rate of $0.7289)

(a) On 21 October 2014, the wholly owned subsidiary PT Dwinad Nusa Sejahtera entered into a Senior Secured Facility with Nomura Special Investments Singapore Pte Ltd and Indonesian Exim Bank. As part of the conditions precedent the Company agreed to grant an aggregate total of 250,597,351 Warrants. The Warrants will be issued in two tranches:

(i) the first tranche of up to 222,753,201 Warrants were issued on 12 November 2014 as conditions precedent were satisfied: (a) Shareholder approval being obtained for the purposes of ASX Listing Rule 7.1; and (b) provision of the first tranche of the Nomura Facility (being US$40 million) to the Company. The total fair value of tranche 1 was US$5.3 million and has been recognised as part of borrowing cost which will be amortised over the life of the facility using the effective interest rate method.

(ii) the second tranche of up to 27,844,150 Warrants was issued on 22 September 2015 as a result of the second tranche of the Nomura Facility (US$ 5.0 million) being advanced to the Company. Increasing the total held to 250,597,351.

(b) On the 8 April 2015 the company made a placement of CDIs to professional and sophisticated investors, raising A$5.10 million. As part of this placement the Company made an allocation of 44,260,914 warrants for no consideration. This warrant placement equalled 1 warrant per 2 CDIs to be issued under the CDI Placement. The warrants have an exercise price of A$0.060 each, a term of two years and are non-transferrable.

(c) On the 7 August 2015 the company made a placement of CDIs to professional and sophisticated investors, raising A$1.71 million. As part of this placement the Company made an allocation of 17,074,171 warrants for no consideration. This warrant placement equalled 1 warrant per 2 CDIs to be issued under the CDI Placement. The warrants have an exercise price of A$0.057 each, a term of two years and are non-transferrable.

The following are the main terms and conditions of the Warrants on issue during the year ended 31 December 2015:

	Nomura Tranche 1	Investors 30 March 2015	Investors 4 August 2015	Nomura Tranche 2
Exercise price AU$	$0.057	$0.060	$0.057	$0.057
Exercise price US$	$0.047	$0.046	$0.042	$0.041
Valuation date	12 November 2014	8 April 2015	7 August 2015	22 September 2015
Option life	3 years	2 years	2 years	2 years
Expected volatility	77.00%	74.46%	73.47%	71.39%
Risk free rate	2.54%	2.74%	2.85%	2.75%
Dividend yield	0%	0%	0%	0%
Number of warrants	222,753,201	44,260,914	17,074,171	27,844,150
Total fair value of warrants AU$	$6,237,089	$804,465	$308,067	$524,567
Total fair value of warrants US$	$5,349,734	$614,636	$226,065	$375,610

The following describes the nature and purpose of each reserve within equity:

Share premium	Amount subscribed for share capital in excess of nominal value.
Convertible debt option reserve	Amount of proceeds on issue of convertible debt relating to the equity component (i.e. option to convert the debt into share capital).
Hedging reserve	Gains/losses arising on the effective portion of hedging instruments carried at fair value in a qualifying cash flow hedge.
Foreign exchange reserve	Gains/losses arising on retranslating the net assets of overseas operations into US$.
Retained earnings	All other net gains and losses and transactions with owners (e.g. dividends) not recognised elsewhere.

24. RELATED PARTY TRANSACTIONS

Key management personnel (KMP), or their related parties, hold positions in other entities that result in them having control or significant influence over the financial or operating policies of those entities. Those entities may enter into transactions with the Company or its subsidiaries. The terms and conditions of such transactions are no more favourable than those available, or which might reasonably be expected to be available, to non-KMP related entities dealing at arm's length with the Company.

During the year ended 31 December 2015 the Company was invoiced US$49,432 (2014: US$ 62,206) by Hunter Corporate, for company secretary services. Hunter Corporate is a company associated with Susan Hunter who is the Joint Company Secretary. At 31 December 2015 there was no amount outstanding (2014: nil).

During the year ended 31 December 2015 the Company was not invoiced (2014:US$7,230) by Barr Ellison LLP Solicitors, for company secretary services and legal advice in the United Kingdom. Barr Ellison LLP Solicitors is an entity associated with Allison Barr who held the position of Joint Company Secretary and Mark Satterly who was appointed to the position of Joint Company Secretary. As at 31 December 2015 there was no amount outstanding (2014: nil).

During the year ended 31 December 2015 the Company was not invoiced (2014:US$5,467) by JWMinConsult Limited, for consulting services. JWMinConsult Limited is a company associated with Jocelyn Waller who is a Non-executive director of the Company. As at 31 December 2015 there was no amount outstanding (2014:US$5,467).

KMP are those persons having authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly. For the years ended 31 December 2015 and 31 December 2014 the KMP's were the Directors, the Chief Financial Officer and the Chief Operating Officer. KMP's remuneration is disclosed in note 7.

25. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group has exposure to liquidity risk, credit risk, market risk (including interest rate risk and foreign exchange risk) and commodity risk arising from its financial instruments.

The Group's management of financial risk is aimed at ensuring net cash flows are sufficient to meet all of its financial commitments and maintain the capacity to fund the operation and exploration activities. The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework. Management monitors and manages the financial risks relating to the operations of the Group through regular reviews of the risks.

Market, liquidity and credit risks (including foreign exchange, commodity price, interest rate and counterparty risk) arise in the normal course of business. These risks are managed under Board approved treasury processes and transactions.

The principal financial instruments as at the reporting date include receivables, payables, loans and borrowings, derivatives and cash.

This note presents information about exposures to the above risks, the objectives, policies and processes for measuring and managing risk, and the management of capital.

The main risks arising from the Group's financial instruments are liquidity risk, foreign currency risk, credit risk, market risk (including interest rate risk and foreign exchange risk) and commodities risk. The Group reviews and agrees policies for managing each of these risks and they are summarised below.

(a) Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation. It is the Group's policy to ensure and maintain a reputable credit profile by adhering to credit terms and ensuring a strong ongoing cash balance.

The following table sets out the contractual maturities (representing undiscounted contractual cash-flows) of financial liabilities:

	Up to 6 months	Between 6 and 12 months	Between 1 and 2 years	Between 2 and 5 years
Trade and other payables	15,779	-	-	-
Loans and borrowings	2,266	2,760	50,751	394
Convertible note	-	-	-	1,412
Derivative financial instruments used for hedging	-	-	1,235	-

(b) Foreign currency risk

In common with many other businesses in Australia and Indonesia, foreign currencies play a significant role in the underlying economics of the business transactions of the Group.

The following significant exchange rates (US$1.00) applied during the year:

	Average rate		Year end spot rate	
	31 December 2015	31 December 2014	31 December 2015	31 December 2014
IDR	13,337	11,870	13,793	12,440
AUD	1.3312	1.1081	1.3719	1.2260
GBP	0.6542	0.6069	0.6745	0.6438

Cash held by currency	31 December 2015 US$000	31 December 2014 (restated) US$000
USD	587	26,135
IDR	237	89
AUD	49	292
GBP	17	11
	890	**26,527**

At 31 December 2015, if the US dollar had weakened/strengthened by 10% against the IDR/other currencies with all other variables held constant, the post-tax loss for the year would have been US$0.14 million (2014: US$0.25 million) higher/lower, mainly as a result of foreign exchange losses/gains on translation of foreign currency denominated cash, trade payables, accruals and other liabilities. The directors believe that in the current economic environment a 10% variance is reasonable based on current trends.

(c) Credit risk

With respect to credit risk arising from the other financial assets of the Group, which comprise cash and cash equivalents, and certain receivables, the Group's exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments. All deposits are held with financial institutions that have a Standard & Poor's credit rating of AA- or better.

(d) Interest rate risk

The Group is has determined to mitigate exposure to cash flow from interest rate risk arising from loans and borrowings at variable rate, by entering into fixed interest rate borrowings. The Group's borrowings are all at fixed interest rate.

(e) Commodities risk

The Group's main focus is the gold and silver development of the Tembang project. The market prices for these commodities fluctuate widely. These fluctuations are caused by numerous factors beyond the Company's control. Such as: speculative positions taken by investors or gold traders, changes in the demand and supply for gold, actual or expected gold sales by central banks and The International Monetary Fund (IMF), global or regional economic events. A sustained period of significant gold price volatility may adversely affect the Group's ability to evaluate the feasibility of undertaking new capital projects or continuing existing operations or to make other long-term strategic decisions.

In order to mitigate this risk, the Group entered into a hedge program equivalent to approximately 50% of gold and silver production during the first 2 years of operation commencing deliveries during November 2015 to October 2017. The hedge program represents approx. 23% and 16% respectively of the gold and silver ore reserves.

(f) Capital risk management

The Group regards its share capital and reserves as its equity and uses its monthly management accounts to monitor the level of cash available to plan for future fundraisings. Additionally, the Group has prepared detailed cash flow forecasts, which are compared on a monthly basis to actual expenditures.

The Board's policy in managing capital is to ensure that the Group continues as a going concern, and that its capital base is sufficiently strong so as to maintain investor, creditor and market confidence and to sustain future development of the business. The objective is to maintain a level of debt finance, determined according to prevailing commercial conditions, that provides a balance between this policy and optimising shareholder returns through the effect of gearing.

Whilst there are covenants associated with the senior secured debt facility, they are not required to be met until the 31 March 2016.

(g) Financial instrument classification

	Financial assets at fair value through profit and loss		**Loans and receivables**	
Financial assets	**2015 US$000**	**2014 US$000**	**2015 US$000**	**2014 US$000**
Cash and cash equivalents	-	-	890	26,527
Trade and other receivables	-	-	6,944	4,465
Financial assets at fair value designated as hedges	3,488	2,074	-	-
Total financial assets	**3,488**	**2,074**	**7,834**	**30,992**

	Financial assets at fair value through profit and loss		**Financial liabilities at amortised cost**	
Financial liabilities	**2015 US$000**	**2014 US$000**	**2015 US$000**	**2014 US$000**
Trade and other payables	-	-	15,779	6,372
Loans and borrowings	-	-	41,827	32,771
Convertible loan	1,412	-	-	-
Financial liabilities at fair value designated as hedges	-	2,317	-	-
Derivative financial instruments	1,235	-	-	-
Total financial liabilities	**2,647**	**2,317**	**57,606**	**39,143**

(h) Fair value estimation

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).

Level 3: Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

The following table presents the Group's financial assets and liabilities that are measured at fair value at 31 December 2015:

31 December 2015	Level 1 US$000	Level 2 US$000	Level 3 US$000	Total US$000
Financial assets at fair value designated as hedges:				
Derivative financial instruments used for hedging	-	-	3,488	3,488
Total assets	**-**	**-**	**3,488**	**3,488**
Derivative financial instruments - warrants	-	-	758	758
Derivative financial instruments - convertible note	-	-	477	477
Total liabilities	**-**	**-**	**1,235**	**1,235**

The following table presents the Group's financial assets and liabilities that are measured at fair value at 31 December 2014:

31 December 2014	Level 1 (restated) US$000	Level 2 (restated) US$000	Level 3 (restated) US$000	Total (restated) US$000
Financial assets at fair value designated as hedges:				
Derivative financial instruments used for hedging	-	-	2,074	2,074
Total assets	**-**	**-**	**2,074**	**2,074**
Financial liabilities designated as hedges:				
Derivative financial instruments used for hedging	-	-	2,317	2,317
Total liabilities	**-**	**-**	**2,317**	**2,317**

There is no material difference between the carrying value and fair value of financial instruments at year end (2014: nil). There were no financial instruments being held for trading or available for sale at year end (2014: nil).

There were no transfers between levels during the period (2014: no transfers).

The valuation techniques and significant unobservable inputs used in determining the fair value measurement of level 2 and level 3 financial instruments, as well as the interrelationship between key unobservable inputs and fair value, are set out in the table below:

	Valuation techniques used	Significant unobservable inputs (Level 3 only)	Inter-relationship between key unobservable inputs and fair value (Level 3 only)
Financial assets / liabilities at fair value designated as hedges: Derivative financial instruments used for hedging	Pricing tool - Bloomberg Mulit Asset Pricing System (MARS)	Valuation is based on mid-market observable data, factors include spread, counterparty margin and volatility.	An increase in volatility will result in an increase in fair value liability. Actual close out price will have a higher cost than valuation.

Financial liabilities: Warrants	Pricing tool - Black Scholes	Implied volatility -includes the historical share price volatility from the date of last equity raising where Provident and Saratoga became major shareholders of the Company (18 June 2013) until grant date.	An increase in volatility results in an increase in fair value.
Derivative financial instruments - convertible note	Pricing tool - Fisher Black	Implied volatility 132% Risk free rate 2.00% (Independent valuation provided by Origin Capital Group)	An increase in volatility results in an increase in fair value.

There were no changes to the valuation techniques during the period.

26. ULTIMATE CONTROLLING PARTY

The Group has no ultimate controlling party.

27. CASH USED IN OPERATIONS

	31 December 2015 US$000	31 December 2014 (restated) US$000
Loss after tax	**(45,250)**	**(4,342)**
Adjustments for:		
Depreciation	66	51
Share options charge	(201)	143
Provision for impairment of exploration and evaluation assets	-	323
Provision for impairment of property plant and equipment	45,300	-
(Gain) / loss on derivative	(657)	-
Amortisation of hedge asset	732	123
Finance income	(61)	(25)
Finance cost	1,666	506
Income taxes	(4,500)	-
Operating loss before working capital charges	**(2,905)**	**(3,221)**
Increase in prepayments and other receivables	(2,479)	(314)
(Decrease)/increase in trade and other payables	2,849	(68)
(Decrease)/increase in provisions	(208)	-
Cash used in operations	**(2,743)**	**(3,603)**

28. CONSOLIDATED ENTITIES

Entity	Country of incorporation	Class of share	31 December 2015 %	31 December 2014 %
Parent entity				
Sumatra Copper and Gold Plc	United Kingdom	Chess Depositary Interest (CDIs)		
Subsidiaries				
PT Dwinad Nusa Sejahtera(a)	Indonesia	Ordinary	99.95%	99.95%
PT Nusa Palapa Minerals(a)	Indonesia	Ordinary	99.99%	99.95%
PT Bengkulu Utara Gold(b)	Indonesia	Ordinary	100%	100%
PT Musi Rawas Gold(c)	Indonesia	Ordinary	100%	100%
PT Jambi Gold(c)	Indonesia	Ordinary	100%	100%
PT Lebong Gold(c)	Indonesia	Ordinary	100%	100%
PT Kotanopan Mining(d)	Indonesia	Ordinary	98%	98%
PT Mandaling Mining(d)	Indonesia	Ordinary	98%	98%
SCG Energy Pte Ltd(e)	Singapore	Ordinary	100%	100%
SUM Singapore (Tandai) Pte Ltd(f)	Singapore	Ordinary	100%	100%

29. PARENT ENTITY DISCLOSURES

As at, and throughout, the financial year ended 31 December 2015 the parent entity of the Group was Sumatra Copper & Gold Plc. See financial statements for the parent entity.

30. COMMITMENTS AND CONTINGENCY

There are no commitments and contingencies at 31 December 2015 (2014: nil).

31. POST BALANCE SHEET EVENTS

On 16 December 2015 the Company announced that it had obtained a US$5 million working capital facility in the form of convertible notes provided by its major shareholder Provident Minerals Pte Ltd ("Provident") ("Convertible Note Agreement"). Under the Convertible Note Agreement, Provident subscribed for a first tranche of 2 million convertible notes, for a consideration of US$2 million, to be issued under the Company's available placement capacity under ASX Listing Rule 7.1 ("First Tranche"). A second tranche of up to 3 million convertible notes for a consideration of US$3 million ("Second Tranche") would be issued subject to approval of the shareholders of the Company ("Shareholders"). Subsequent to the end of the quarter, approval for the Second Tranche was received at a General Meeting of Shareholders held on 11 January 2016.

The Company also entered into a working capital loan facility ("Working Capital Facility") with Provident to provide up to US$3 million, to be repaid on the earlier of the issue of the Second Tranche of convertible notes or on the maturity date of the convertible notes. During the December 2015 quarter the First Tranche of US$2 million was drawn down (Appendix 3B dated 23 December 2015) and US$0.5 million was drawn down by the Company under the Working Capital Facility.

Subsequent to the end of the year US$0.5 million of the Second Tranche was provided by Provident. The Company used the proceeds to repay the US$0.5m Working Capital Facility (Appendix 3B, 29 January 2016). Provident assigned the remaining US$2.5m Second Tranche to major shareholder PT Saratoga Investama Sedaya which was drawn down by the Company (Appendix 3B dated 29 January 2016).

On 31 March 2016 the company announced that it had obtained a further US$2.0 million of funding under an amendment of its Convertible Note Agreement provided by Provident Minerals Ltd (Provident) and PT Saratoga Investama (Saratoga).

Under this amendment of the convertible note agreement Provident and Saratoga subscribed for 2.0 million US$1 convertible notes for a consideration of US$2.0 million to be issued under the Company's available placement capacity under ASX Listing Rule 7.1

2015

SUMATRA COPPER & GOLD PLC ANNUAL REPORT

PARENT ENTITY

FOR THE YEAR ENDED 31 DECEMBER 2015

SUMATRA COPPER & GOLD PLC | LEVEL 1, 5 ORD STREET, WEST PERTH WA 6005, AUSTRALIA
ABN 14 136 694 267
REGISTERED IN ENGLAND AND WALES | 39 PARKSIDE, CAMBRIDGE CB1 1PN UNITED KINGDOM
REGISTRATION NUMBER 5777015

Statement of Comprehensive Income

For the year ended 31 December 2015

	Note	31 December 2015 US$000	31 December 2014 (restated) US$000
Expenses			
General expenses	4	(2,486)	(3,263)
Share-based payments expense		201	(143)
Provision for impairment of property, plant and equipment		(2,592)	-
		(4,877)	**(3,406)**
Provision for impairment of investment in subsidiaries	11	(38,420)	-
Provision for impairment of loans to subsidiaries	12	3,976	(7,683)
Derivative gain (loss)		1,487	-
Operating loss		**(37,834)**	**(11,089)**
Finance income	5	222	25
Finance costs	6	(101)	(853)
Net financing costs		**121**	**(828)**
Loss before income tax		**(37,713)**	**(11,917)**
Income tax expense	9	-	-
Loss for the year		**(37,713)**	**(11,917)**
OTHER COMPREHENSIVE INCOME			
Items that may be reclassified subsequently to profit or loss:			
Changes in fair value of share based payment warrants		(1,305)	-
Other comprehensive gain for the year, net of tax		**(1,305)**	**-**
Total comprehensive loss for the year attributable to owners of company		**(39,018)**	**(11,917)**

The statement of comprehensive income is to be read in conjunction with the notes to the financial statements.

Statement of Financial Position

For the year ended 31 December 2015

	Note	31 December 2015 US$000	31 December 2014 (restated) US$000	1 January 2014 (restated) US$000
ASSETS				
Non-current assets				
Trade and other receivables	12	7,841	39,288	38,804
Property, plant and equipment	10	571	778	307
Investments	11	3,212	2,724	2,763
Total non-current assets		**11,624**	**42,790**	**41,874**
Current assets				
Trade and other receivables		13	-	115
Cash and cash equivalents	13	39	133	2,627
Total current assets		**52**	**133**	**2,742**
TOTAL ASSETS		**11,676**	**42,923**	**44,616**
LIABILITIES				
Non-current liabilities				
Borrowings	16	500	-	-
Convertible loan	17	1,412	-	-
Derivative financial instruments	18	1,235	-	-
Total non-current liabilities		**3,147**	**-**	**-**
Current liabilities				
Trade and other payables	14	211	931	543
Provisions	15	95	-	-
Convertible loan		-	-	2,500
Total current liabilities		**306**	**931**	**3,043**
Total liabilities		**3,453**	**931**	**3,043**
NET ASSETS		**8,223**	**41,992**	**41,573**
Equity attributable to owners				
Ordinary shares	20	11,436	9,547	6,800
Share premium account	20	61,953	58,772	54,676
Other reserves	21	5,677	6,803	1,310
Accumulated losses		(70,843)	(33,130)	(21,213)
TOTAL EQUITY		**8,223**	**41,992**	**41,573**

The statement of financial position is to be read in conjunction with the notes to the financial statements.

Statement of Changes in Equity

For the year ended 31 December 2015

	Note	Ordinary shares US$000	Share premium account US$000	Share-based payment reserve US$000	Convertible loan reserve US$000	Accumulated losses US$000	Total equity US$000
Balance as at 1 January 2015		**9,547**	**58,772**	**5,788**	**1,015**	**(33,130)**	**41,992**
TOTAL COMPREHENSIVE INCOME/(EXPENSE) FOR THE YEAR							
Loss for the year		-	-	-	-	(37,713)	(37,713)
Other comprehensive income/(expense)							
Movement in fair value of warrants		-	-	(1,305)	-	-	(1,305)
Total other comprehensive (expense)/income		**-**	**-**	**(1,305)**	**-**	**-**	**(1,305)**
Total comprehensive (expense)/income for the year		**-**	**-**	**(1,305)**	**-**	**(37,713)**	**(39,018)**
TRANSACTIONS WITH EQUITY HOLDERS							
Share issue during the period	20	1,889	3,181	-	-	-	5,070
Share option and warrants charge during the period	21	-	-	573	-	-	573
Options lapsed during the period	21	-	-	(394)	-	-	(394)
Total transactions with equity holders		**1,889**	**3,181**	**179**	**-**	**-**	**5,249**
Balance at 31 December 2015		**11,436**	**61,953**	**4,662**	**1,015**	**(70,843)**	**8,223**
Balance as at 1 January 2014 (restated)	1(e)	**6,800**	**54,676**	**295**	**1,015**	**(21,213)**	**41,573**
TOTAL COMPREHENSIVE INCOME/(EXPENSE) FOR THE YEAR							
Loss for the year		-	-	-	-	(11,917)	(11,917)
Total comprehensive (expense)/income for the year		**-**	**-**	**-**	**-**	**(11,917)**	**(11,917)**
TRANSACTIONS WITH EQUITY HOLDERS							
Share issue during the period	20	2,747	4,096	-	-	-	6,843
Share option charge during the period	21	-	-	5,493	-	-	5,493
Total transactions with equity holders		**2,747**	**4,096**	**5,493**	**-**	**-**	**12,336**
Balance at 31 December 2014 (restated)	1(e)	**9,547**	**58,772**	**5,788**	**1,015**	**(33,130)**	**41,992**

The statement of changes in equity is to be read in conjunction with the notes to the financial statements.

Statement of Cash Flows

For the year ended 31 December 2015

	Note	31 December 2015 US$000	31 December 2014 US$000
Cash flows from operating activities			
Cash used in operations	19	(2,352)	(2,735)
Net cash flow used in operating activities		**(2,352)**	**(2,735)**
Cash flows from investing activities			
Purchase of property, plant and equipment		-	(474)
Net cash flow used in investing activities		**-**	**(474)**
Cash flows from financing activities			
Proceeds from issue of share capital		5,204	-
Share issue costs		(198)	-
Proceeds from borrowings		500	-
Proceeds from convertible notes		2,000	-
Borrowing cost paid		(176)	-
Amounts repaid by / (advanced to) controlled entities		(5,072)	715
Net cash inflow from financing activities		**2,258**	**715**
Increase(decrease)/ in cash and cash equivalents		**(94)**	**(2,494)**
Cash and cash equivalents at beginning of year		133	2,627
Foreign exchange loss on cash and cash equivalents		-	-
Cash and cash equivalents at end of year	13	**39**	**133**

The statement of cash flows is to be read in conjunction with the notes to the financial statements.

1. BASIS OF PREPARATION

(a) Statement of compliance

The company financial statements of Sumatra Copper and Gold plc have been prepared in accordance with International Financial Reporting Standards (IFRS) and IFRS Interpretations Committee (IRFS IC) as adopted by the European Union and the Companies Act 2006 applicable to companies reporting under IFRS.

The financial statements were approved by the Board of Directors on 31 March 2016.

(b) Basis of measurement

The company financial statements have been prepared on the historical cost basis except for derivatives as measured at fair value.

The methods used to measure fair values are discussed further in note 3.

(c) Functional and presentation currency

The company financial report is presented in US dollars, which is the Company's presentation currency. The functional currency of the Company is measured using the currency of the primary economic environment in which that entity operates.

(d) Use of estimates and judgements

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

In particular, information about significant areas of estimation uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amount recognised in the financial statements are described in the following notes:

Note 10 – Property, plant and equipment

Impairment of property, plant and equipment

Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs for disposing of the asset.

Assessment for impairment of assets is performed at a Group level. The value in use calculation is based on a DCF model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the asset's performance of the CGU being tested. The recoverable amount is sensitive to the key assumptions used to determine the recoverable amount for the CGU. These are disclosed and further explained in Note 10.

Note 11 – Investments

Impairment of Investment in Subsidiaries

During the year ended 31 December 2015 the Company identified impairment indicators with the value of the investment in and loans to subsidiaries being in excess of the net assets of the subsidiaries. The company determined an impairment of US$34.4 million be provided for in the 2015 financial year (2014: US$7.68 million).

Note 18 – Financial Instruments

When the fair values of financial assets and financial liabilities recorded in the statement of financial position cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the Black Scholes model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as time period over which to measure volatility, and the risk free interest rate to be applied. Changes in assumptions about these factors could affect the reported fair value of financial instruments. See Note 22 for further disclosures.

(e) Restatement of prior year

Following the year end Management has reviewed the reported equity balances and adjusted to bring in line with the consolidated financial accounts.

A reclassification of the December 2013 equity balances was undertaken to reflect the exchange rate movement on the equity accounts in the parent on transition of reporting in GBP to reporting in USD.

This adjustment was made to the consolidated accounts, but not reflected in the parent accounts at the time.

	Ordinary shares US$000	Share premium account US$000	Share-based payment reserve US$000	Convertible loan reserve US$000	Accumulated losses US$000	Total equity US$000
Reported 31 December 2013	**6,580**	**54,519**	**-**	**1,015**	**(20,541)**	**41,573**
Restatement	220	157	295	-	(672)	-
Balance 1 January 2014	**6,800**	**54,676**	**295**	**1,015**	**(21,213)**	**41,573**

(f) Going Concern

At 31 December 2015 the Company had cash of US$39,000 and net current liabilities of US$254,000. The Company is reliant upon its operating subsidiary generating sufficient cash to continue as a going concern. Refer to note 2 of the Group financial statements for disclosure regarding the Group’s ability to continue as a going concern. This reliance on the subsidiary company indicates the existence of a material uncertainty which may cast significant doubt on the company’s ability to continue as a going concern. These financial statements do not include the adjustments that would result if the company were unable to continue as a going concern.

2. FIRST TIME ADOPTION OF IFRS

These financial statements, for the year ended 31 December 2015, are the first the Company has prepared in accordance with IFRS. For periods up to and including the year ended 31 December 2014, the Company prepared its financial statements in accordance with UK generally accepted accounting practice (UK GAAP).

Accordingly, the Company has prepared financial statements which comply with IFRS applicable for periods ending on or after 31 December 2015, together with the comparative period data as at and for the year ended 31 December 2014, as described in the accounting policies. In preparing these financial statements, the Company’s opening statement of financial position was prepared as at 1 January 2014, the Company’s date of transition to IFRS.

On assessment, there are no differences within equity and other comprehensive and no adjustments are to be made to respective periods on transition to IFRS.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these Financial Statements and have been applied consistently by the Company.

(a) Foreign currency transactions

Transactions denominated in foreign currencies are initially recorded at the functional currency rate ruling at the date of the underlying transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange ruling at the balance sheet date. All exchange differences are recognised in the statement of comprehensive income. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

(b) Property, plant and equipment

Property, plant and equipment is stated at cost, less accumulated depreciation and accumulated impairment loss.

Depreciation is calculated on a straight line basis over the following expected useful life of the assets. Computer hardware is depreciated at a rate of between 25% and 33.3% per annum, computer software, furniture and fixtures, machinery and equipment, exploration equipment, communication equipment and vehicles at a rate of 25% per annum.

Impairment is assessed at a Group level. The Group performs impairment testing when facts and circumstances suggest that the carrying amount has been impaired. If it is determined that the asset has been impaired it is immediately written down to its recoverable amount in the statement of comprehensive income (refer note 10).

(c) Impairment

(i) Financial assets

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset. Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and observable data indicating that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults

An impairment charge in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the original effective interest rate. All impairment charges are recognised in profit or loss.

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in companies that share similar credit risk characteristics.

An impairment charge is reversed if the reversal can be related objectively to an event occurring after the impairment charge was recognised. For financial assets measured at amortised cost and available-for-sale financial assets that are debt securities, the reversal is recognised in profit or loss.

(ii) Non-financial assets

The carrying amounts of the Company's non-financial assets, other than deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less cost to sell. Value in use is determined as a present value of the estimated real future cash flows expected to arise from the continued use of the asset using assumptions that an independent market participant may consider. These cash flows are discounted using a real post tax discount rate that reflects current market assessments of the time value of money and the risks specific to the cash-generating unit. For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the cash-generating unit).

An impairment charge is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment charges are recognised in profit or loss.

In respect of other assets, impairment charges recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment charge is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment charge is reversed only to the extent that the asset's carrying amount exceeds the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment charge had been recognised.

(d) Financial instruments

(iii) Non-derivative financial instruments

Non-derivative financial assets are classified, at initial recognition, as financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, or available for sale (AFS) financial assets, as appropriate. All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

The Company's loans and receivables, which includes trade receivables and cash and cash equivalents are subsequently measured at amortised cost using the effective interest rate (EIR) method, less impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the statement of profit or loss. The losses arising from impairment are recognised in the statement of profit or loss in finance costs for loans and in cost of sales or other operating expenses for receivables.

The Company does not have any non-derivative financial assets measured at fair value through profit or loss, held-to-maturity investments, or AFS financial assets at reporting date.

Financial assets are derecognised if the Company's contractual rights to the cash flows from the financial assets expire or if the Company transfers the financial asset to another party without retaining control or substantially all risks and rewards of the asset.

(e) Convertible loans

The proceeds received on issue of the Company's convertible loans are allocated into their liability and equity components. The amount initially attributed to the debt component equals the discounted cash flows using a market rate of interest that would be payable on a similar debt instrument that does not include an option to convert. Subsequently, the debt component is accounted for as a financial liability measured at amortised cost until extinguished on conversion or maturity of the bond. The remainder of the proceeds is allocated to the conversion option and is recognised in the "convertible loan reserve" within shareholders' equity, net of income tax effects.

Derivatives embedded in host debt contracts, such as convertible loan notes, are accounted for as separate derivatives and recorded at fair value if their economic characteristics and risks are not closely related to those of the host contracts and the host contracts are not held for trading or designated at fair value though profit or loss. These embedded derivatives are measured at fair value with changes in fair value recognised in profit or loss. Reassessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial liability out of the fair value through profit or loss.

Amounts deferred in equity are recycled in the statement of comprehensive income in the periods when the hedged financial instrument. In such cases, the convertible loan is a hybrid financial instrument and the option to convert is an embedded derivative. Attached options (options entered into in consideration for entering into the host contract) on similar terms are also embedded derivatives. Provided certain criteria are met, the Company designates such hybrid contracts as financial liabilities and accounts for them at fair value through the profit and loss account.

(f) Investments

Fixed asset investments are shown at cost less provision for impairment. The carrying value of the investments is reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

(g) Employee benefits

(i) Share based payment transactions

The Company issues equity-settled share-based payments to its employees. In accordance with IFRS 2, 'Share-based Payments', equity-settled share-based payments are measured at fair value at the date of grant. Fair value is normally measured by use of a Black-Scholes pricing model. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Company's estimate of the number of shares that will eventually vest.

Non-market performance and service conditions are included in assumptions about the number of options that are expected to vest. The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied.

In addition, in some circumstances employees may provide services in advance of the grant date and therefore the grant date fair value is estimated for the purposes of recognising the expense during the period between service commencement period and grant date.

At the end of each reporting period, the company revises its estimates of the number of options that are expected to vest based on the non-market vesting conditions. It recognises the impact of the revision to original estimates, if any, in the statement of comprehensive income, with a corresponding adjustment to equity.

When the options are exercised, the company issues new shares. The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium.

(ii) Wages, salaries and annual leave

Liabilities for employee benefits for wages, salaries and annual leave that are expected to be settled within 12 months of the reporting date, which represent present obligations resulting from employees' services provided to the reporting date, are calculated at undiscounted amounts based on remuneration wage and salary rates that the Company expects to pay as at the reporting date including related on-costs, such as pension and superannuation contributions, social security, workers compensation and health insurance, as well as payroll tax.

(iii) Short-term employee benefits

Short term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid under short term cash incentives if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

(iv) Termination benefits

Termination benefits are recognised as an expense when the Company is committed demonstrably, without realistic possibility of withdrawal, to a formal detailed plan to either terminate employment before the normal retirement date, or to provide termination benefits as a result of an offer made to encourage voluntary redundancy. Termination benefits for voluntary redundancies are recognised as an expense if the Company has made an offer of voluntary redundancy, it is probable that the offer will be accepted, and the number of acceptances can be estimated reliably. If benefits are payable more than twelve months after the reporting date, then they are discounted to their present value.

The Company pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The Company has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due.

The Company has post-retirement benefits for its Indonesian employees in accordance with Indonesian labour law. A provision for employee benefits is recognised and includes the present value of the future pension plans for employees to be received on retirement.

(h) Finance income and expense

Finance income comprises interest income on funds invested. Interest income is recognised in profit or loss as it accrues, using the effective interest method.

Finance expenses comprise discounting of rehabilitation costs and interest expenses relating to borrowings.

(i) Current and deferred income tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in the statement of comprehensive income, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

(i) Current tax

The current income tax charge is calculated in accordance with taxation regulations in each jurisdiction that have been or are subsequently enacted by the reporting date. Current tax is based on the taxable income and tax allowable expenses reported by the Company. Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities.

(ii) Deferred tax

Deferred income tax is provided using the liability method on temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted at the balance sheet date.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Deferred tax assets are only recognised when there is sufficient probability of future taxable profits.

(j) Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction, net of tax, from the proceeds.

(k) Warrants

Warrants issued under equity raising have been accounted for as a derivative financial liability as the functional currency of the company is US$ and the currency in which the warrants have been is issued is A$. They therefore break the “fixed for fixed” criteria in IAS 39 and have been recognised at fair value on the statement of financial position.

Warrants are measured at fair value at the date of grant. Fair value is measured by use of a Black-Scholes pricing model which takes into account conditions attached to the vesting and exercise of the equity instrument. Any gains and losses on subsequent re-measurement are recorded in profit or loss.

(l) Comparatives

Where applicable, comparatives have been adjusted to present them on the same basis as the current period figures.

(m) Borrowing costs

The Company capitalises interest costs for qualifying assets. Qualifying assets are assets that require a significant amount of time to prepare for their intended use, including projects that are in the exploration and evaluation, development or construction stages. Transaction costs incurred on the establishment of loan facilities are recognised in the balance sheet and offset against the principal borrowings amount. These costs are amortised over the life of the borrowing using the effective interest rate method.

(n) Changes in accounting policy and disclosures

(i) New standards, amendments and interpretations adopted by the group

There have been no new standards adopted by the group for the first time for the financial year beginning on or after 1 January 2015.

(ii) New standards, amendments and interpretations not yet adopted

A number of new standards and amendments to standards and interpretations are effective for annual periods beginning after 1 January 2015, and have not been applied in preparing these consolidated financial statements. None of these is expected to have a significant effect on the consolidated financial statements of the group, except the following set out below:

- IFRS 9, 'Financial instruments', addresses the classification, measurement and recognition of financial assets and financial liabilities. The complete version of IFRS 9 was issued in July 2014. It replaces the guidance in IAS 39 that relates to the classification and measurement of financial instruments. IFRS 9 retains but simplifies the mixed measurement model and establishes three primary measurement categories for financial assets: amortised cost, fair value through Other Comprehensive Income (OCI) and fair value through P&L. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. Investments in equity instruments are required to be measured at fair value through profit or loss with the irrevocable option at inception to present changes in fair value in OCI not recycling. There is now a new expected credit losses model that replaces the incurred loss impairment model used in IAS 39. For financial liabilities there were no changes to classification and measurement except for the recognition of changes in own credit risk in other comprehensive income, for liabilities designated at fair value through profit or loss. IFRS 9 relaxes the requirements for hedge effectiveness by replacing the bright line hedge effectiveness tests. It requires an economic relationship between the hedged item and hedging instrument and for the 'hedged ratio' to be the same as the one management actually use for risk management purposes. Contemporaneous documentation is still required but is different to that currently prepared under IAS 39. The standard is effective for accounting periods beginning on or after 1 January 2018. Early adoption is permitted subject to EU endorsement. The group is yet to assess IFRS 9's full impact.
- IFRS 15, 'Revenue from contracts with customers' deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. Revenue is recognised when a customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the good or service. The standard replaces IAS 18 'Revenue' and IAS 11 'Construction contracts' and related interpretations. The standard is effective for annual periods beginning on or after 1 January 2017 and earlier application is permitted subject to EU endorsement. The company is assessing the impact of IFRS 15.

There are no other IFRSs or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the Company, including IFRS 16 'Leases'.

4. LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION

	31 December 2015 US$000	31 December 2014 US$000
This has been arrived at after charging the following:		
Auditors' remuneration:		
Fees payable to the company's auditors for the audit of the parent company	99	67
Fees payable to the company's auditors for other services pursuant to legislation	34	30
Directors' remuneration (excluding share options)	702	787
Provision for impairment of investment in subsidiaries	38,420	-
Provision for impairment of loans to subsidiaries	3,976	7,683
Provision for impairment of property, plant and equipment	2,592	-
Derivative gain	(1,487)	-
Share option costs	(201)	143
Foreign exchange losses	101	(6)
Depreciation	41	1

5. FINANCE INCOME

	31 December 2015 US$000	31 December 2014 US$000
Bank interest income	2	19
Intercompany income	220	-
Exchange gain	-	6
Finance income	**222**	**25**

6. FINANCE COSTS

	31 December 2015 US$000	31 December 2014 US$000
Exchange losses	101	-
Bank interest expense	-	1
Amortisation of borrowing costs	-	356
Interest and fees on convertible loan	-	496
Finance costs	**101**	**853**

7. EMPLOYEE INFORMATION

By Activity	31 December 2015 Number	31 December 2014 Number
Administration	6	6
	6	**6**

	31 December 2015 US$000	31 December 2014 US$000
Wages and salaries	833	1,415
Share option compensation charge	197	143
Social security cost	75	129
	1,105	**1,687**

Key management personnel (KMP's) are those persons having authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly. For the year ended 31 December 2015 the key management personnel were the Directors and Chief Operating Officer (COO).

Key Management Costs	31 December 2015 US$000	31 December 2014 US$000
Wages and salaries	833	1,126
Termination payments	-	113
Share option compensation charge	197	143
Social security cost	75	76
	1,105	**1,458**

8. DIRECTORS EMOLUMENTS' AND INTERESTS

The Directors' remuneration for the years ended 31 December 2015 and 31 December 2014 was as follows:

	31 December 2015 US$000	31 December 2014 US$000
David Fowler [a]	329	-
Julian Ford [b]	-	429
Adi Sjoekri [c]	317	217
Stephen Robinson	74	67
Jocelyn Waller	54	54
Gavin Caudle	60	54
	834	**821**

(d) David Fowler was appointed Managing Director effective 14 April 2015.
(e) Julian Ford resigned as Managing Director and CEO effective 31 December 2014.
(f) The expense includes US$60,025 relating to Performance Rights cancelled on 31 December 2014. Mr Sjoekri will not receive any benefit from these performance rights

The movement in share option scheme held by Directors was as follows:

	Held at 1 January 2015 Number	Granted during the year Number	Lapsed during the year Number	Cancelled during the year Number	Held at 31 December 2015 Number	Exercise Price $A	Expiry date
Julian Ford [a]	2,000,000	-	(2,000,000)	-	-	0.25	14/06/2017
Adi Sjoekri	1,000,000	-	-	-	1,000,000	0.25	14/06/2017
	3,000,000	**-**	**(2,000,000)**	**-**	**1,000,000**		

(b) Julian Ford resigned as Managing Director and CEO effective 31 December 2014. The 2,000,000 Options held at 31 December 2014 will lapse on 31 March 2015, the date with is three months after Julian Ford's retirement date, in accordance with the Company's Share Option Scheme.

The movement in unissued shares under performance rights held by Directors during the year was as follows:

	Held at 1 January 2015 Number	Granted during the year Number	Lapsed during the year Number	Cancelled during the year Number	Held at 31 December 2015 Number	Value at grant date $A	Vesting date
David Fowler	-	2,500,000	-	-	2,500,000	0.049	1/01/2016
David Fowler	-	2,500,000	-	-	2,500,000	0.049	1/01/2017
Adi Sjoekri	-	2,500,000	-	-	2,500,000	0.049	1/01/2016
Adi Sjoekri	-	2,500,000	-	-	2,500,000	0.049	1/01/2017
	-	**10,000,000**	**-**	**-**	**10,000,000**		

9. INCOME TAX

(a) Analysis of charges for the year

Current Tax	31 December 2015 US$000	31 December 2014 US$000
Australian tax on profits for the year	-	-
Income tax	**-**	**-**

The tax assessed for the year is higher than (2014: higher than) the small company rate of corporation tax in Australia 30%. The differences are explained below:

	31 December 2015 US$000	31 December 2014 US$000
Loss before income tax	**(37,713)**	**(11,917)**
Tax calculated at domestic tax rates applicable to profits in the respective countries – Australia 30% (2014: 30%)	(11,314)	(3,575)
Tax effect of		
Expenses not deductible for tax purposes	11,082	1,718
Losses carried forward not recognised	232	1,857
Income tax	**-**	**-**

(b) Deferred tax

At 31 December 2015, the Company had potential and unrecognised deferred tax assets as follows:

	31 December 2015 US$000	31 December 2014 US$000
Tax effect of temporary differences because of:		
Tax losses carried forward not recognised	6,116	5,884
	6,116	**5,884**

Deferred tax assets in respect of losses are not recognised as there is insufficient evidence that they are recoverable. The deferred tax assets would be recoverable if the Company were to become profitable in the future.

10. PROPERTY, PLANT AND EQUIPMENT

	31 December 2015 US$000	31 December 2014 US$000
Cost		
Balance at the beginning of the year	807	335
Additions	2,426	472
Balance at the end of the year	**3,233**	**807**
Accumulated depreciation		
Balance at the beginning of the year	(29)	(28)
Depreciation charge for the year	(41)	(1)
Impairment of property, plant and equipment [(a)]	(2,592)	-
Balance at the end of the year	**(2,662)**	**(29)**
Net book value	**571**	**778**

Additions during the year ended 31 December 2015 relate to Borrowing costs capitalised under IAS23, these borrowing costs were incurred in relation to PT Dwinad Nusa Sejahtera ('DNS'), US$45 million Senior Secured Debt Facility.

Additions during the year ended 31 December 2014 relate to pre-feasibility studies mainly associated with the Tembang project incurred on behalf of the subsidiary.

(a) Provision for impairment of property, plant and equipment

The Group identified impairment indicators such as the Company's market capitalisation being lower than the value of the long-term assets, the Group performed an impairment test on the recoverability of its assets.

Impairment of the Company's assets was assessed at a Group level. See Group Note 13.

As the Company holds assets specific to the Tembang Project the directors are of the opinion that an impairment of US$2.6 million exists for the carrying value of assets at 31 December 2015 and a provision has been raised (2014: nil).

11. INVESTMENTS

	Subsidiary undertakings US$000	Associate undertakings US$000	Total investments US$000
As at 1 January 2015	2,724	-	2,724
Debt to equity conversion	38,908	-	38,908
Provision for impairment	(38,420)		(38,420)
	3,212	**-**	**3,212**
As at 1 January 2014	2,417	346	2,763
Repayment of investment	-	(39)	(39)
Acquisition of associate	307	(307)	-
Balance 31 December 2014	**2,724**	**-**	**2,724**

During the year ended 31 December 2014, the company entered into a "Deed of Termination and Release" with respect to Tandai Joint Venture entered into with Newcrest Mining Limited. Under the terms of the Deed of Termination and Release, Newcrest paid Sumatra US$154,000 (US$39,000 as investment repayment and US$115,000 as repayment of loan) in settlement of all outstanding expenses. During the third quarter of 2014, the Company completed all regulatory and statutory notices necessary to hold 100% of the Tandai Project.

On 17 October 2014, SCG Energy Pte Ltd (a wholly owned subsidiary of the Company) purchased all of the shares (1 share nominal value $1) of SUM Singapore Tandai Pte Ltd ('SUM Singapore') for US$100 consideration. SUM Singapore held 70% of PT Bengkulu Utara Gold ('PT BUG') the holder of the exploration IUP of the Tandai project. Going forward, the Company owns 100% of the Tandai Project.

In April 2015 the Company undertook a debt to equity conversion transferring US$38.91 million receivable from its Indonesian subsidiaries to investment in its subsidiaries. This increase in investment was tested for impairment and a provision of US$38.4 raised in the current year.

During the year ended 31 December 2015 the Company identified impairment indicators with the value of the investment in and loans to subsidiaries being in excess of the net assets of the subsidiaries. Impairment was allocated on a pro rata basis between investment and loan receivable based on the carrying values of the assets.

Particulars of the Company's subsidiaries and associates are as follows:

Entity	Country of incorporation	Class of share	31 December 2015 %	31 December 2014 %
PT Dwinad Nusa Sejahtera [(a)]	Indonesia	Ordinary	99.95%	99.95%
PT Nusa Palapa Minerals [(a)]	Indonesia	Ordinary	99.99%	99.95%
PT Bengkulu Utara Gold [(b)]	Indonesia	Ordinary	100%	100%
PT Musi Rawas Gold [(a)]	Indonesia	Ordinary	100%	100%
PT Jambi Gold [(a)]	Indonesia	Ordinary	100%	100%
PT Lebong Gold [(a)]	Indonesia	Ordinary	100%	100%

PT Kotanopan Mining [c]	Indonesia	Ordinary	98%	98%
PT Mandaling Mining [c]	Indonesia	Ordinary	98%	98%
SCG Energy Pte Ltd [d]	Singapore	Ordinary	100%	100%
SUM Singapore (Tandai) Pte Ltd [e]	Singapore	Ordinary	100%	100%

(a) Mr Adi Sjoekri, Director of the Group holds the additional 0.05% interest in this entity.

(b) PT Bengkulu Utara is held 70% by SUM Singapore (Tandai) Pte Ltd; 27.75% by Sumatra Copper and Gold Plc and 2.25% by PT Nusa Palapa Minerals

(c) Mr Adi Sjoekri, Director of the Group holds 98% interest in this entity.

(d) SCG Energy Pte Ltd is wholly owned by Sumatra Copper and Gold Plc

(e) On 17 October 2014 SCG Energy Pte Ltd acquired 100% of the shares of SUM Singapore (Tandai) Pte Ltd.

All of the above Indonesian operating entities principal activities is that of minerals exploration, except for SCG Energy Pte Ltd and SUM Singapore (Tandai) Pte Ltd which are investment companies registered in Singapore.

12. TRADE AND OTHER RECEIVABLES

	31 December 2015 US$000	31 December 2014 US$000
Amounts falling due after more than one year		
Amounts owed by group undertakings [a]	14,439	47,883
Provisions for impairment of loans to subsidiaries [a]	(11,867)	(15,843)
Borrowing costs incurred on behalf of subsidiary [b]	5,269	7,248
	7,841	**39,288**

(a) Amounts owed by group undertakings

Amounts owed by group undertakings represent intercompany loans to Indonesian subsidiaries. Repayment of these loans will not be received within the next 12 months.

In April 2015 the Company undertook a debt to equity conversion transferring US$38.91 million receivable from its Indonesian subsidiaries to investment in its subsidiaries. This increase in investment was tested for impairment and a provision of US$36.3 raised in the current year (refer note 11).

During the year ended 31 December 2015 the Company identified impairment indicators with the value of the investment in and loans to subsidiaries being in excess of the net assets of the subsidiaries. Impairment was allocated on a pro rata basis between investment and loans receivable based on the carrying values of the assets.

During the year ended 31 December 2015 the Company reduced the impairment provision by US$3.9 million (increased 2014: US$7.7 million) as a result of the debt to equity conversion in the subsidiaries. Refer to Note 11 for detail.

(b) Borrowing costs incurred on behalf of subsidiary

On 22 October 2014, the Company's wholly owned subsidiary, PT Dwinad Nusa Sejahtera ('DNS'), entered into a 3 year Senior Secured Debt Facility of up to US$45 million with Nomura Singapore Limited and Indonesia Eximbank. The Facility is to fund the commercial development of the Tembang Gold Project. The Facility is secured against a number of assets including the shares held by the Company in DNS.

The Company incurred Borrowing costs of US$7.6 million on behalf of its subsidiary for services related to the approval of financing of the Senior Secured Debt Facility. This costs include (US$2 million) transaction cost and fees paid in cash; (US$5.35 million) paid in Warrants (see note 14a) and (US$0.25 million) paid in shares (see note 13b).

Additional borrowing costs of US$0.62 million were recognised during the 2015 financial These costs include (US$0.18 million) transaction cost and fees paid in cash; (US$0.38 million) paid in Warrants (see note 21a(i)) and (US$0.06 million) paid in shares (see note 20c).

These costs are amortised using the effective interest rate method. Effective interest for the year ended 31 December 2015 was US$2.6 million (2014: US$0.36 million). The Company does not expect to recover these costs within the next 12 months.

13. CASH AND CASH EQUIVALENTS

	31 December 2015 US$000	31 December 2014 US$000
Cash at bank and on hand	39	133
	39	**133**

14. TRADE AND OTHER PAYABLES

	31 December 2015 US$000	31 December 2014 US$000
Amounts falling due within one year		
Trade creditors	39	393
Taxation and social security costs	-	285
Accruals and deferred income	172	253
	211	**931**

15. PROVISIONS

	31 December 2015 US$000	31 December 2014 US$000
Provision for employee benefits	95	-
	95	**-**

16. BORROWINGS

	Working capital facility US$000
Borrowings	
Proceeds from	500
	500
31 December 2015	
Non-current	500
	500

On 16 December 2015, the Company drew down $0.5 million from Provident Minerals Pte Ltd under the Working Capital Facility. On the 28 January 2016, the company issued 500,000 Tranche 2 convertible notes in repayment of the drawdown. Maturity is 24 months from date of issue.

17. CONVERTIBLE LOAN

	31 December 2015 US$000	31 December 2014 US$000
Convertible loan note	1,412	-
	1,412	**-**

Convertible loan - fair value

Convertible notes provided by its major shareholder Provident Minerals Pte Ltd ("Provident") ("Convertible Note Agreement"). Under the Convertible Note Agreement, Provident subscribed for a first tranche of 2 million convertible notes, for a consideration of US$2 million, to be issued under the Company's available placement capacity under ASX Listing Rule 7.1 ("First Tranche"). A second tranche of up to 3 million convertible notes for a consideration of US$3 million ("Second Tranche") would be issued subject to approval of the shareholders of the Company ("Shareholders"). Subsequent to the end of the quarter, approval for the Second Tranche was received at a General Meeting of Shareholders held on 11 January 2016.

The Company also entered into a working capital loan facility ("Working Capital Facility") with Provident to provide up to US$3 million, to be repaid on the earlier of the issue of the Second Tranche of convertible notes or on the maturity date of the convertible notes. During the December 2015 quarter the First Tranche of US$2 million was drawn down (Appendix 3B dated 23 December 2015) and US$0.5 million was drawn down by the Company under the Working Capital Facility.

Subsequent to the end of the year US$0.5 million of the Second Tranche was provided by Provident. The Company used the proceeds to repay the US$0.5m Working Capital Facility (Appendix 3B, 29 January 2016). Provident assigned the remaining US$2.5m Second Tranche to major shareholder PT Saratoga Investama Sedaya which was drawn down by the Company (Appendix 3B dated 29 January 2016).

These notes mature immediately after the maturity date of the US$45 million senior secured debt facility (currently maturing 10 November 2017). Interest on the convertible notes is 10% per annum and is capitalised and forms part of the face value of each convertible note.

Conversion of the notes into CHESS Depositary Interests (CDIs) is at the election of the Noteholder and is calculated at an exercise price of AU$0.057 per CDI at the AU$:US$ exchange rate on the day proceeding the day of conversion. Capitalised interest is converted to $AU at the exchange rate and is payable in CDIs calculated at a deemed conversion price equal to the higher of AU$0.057 and 90% of the volume weighted average price of the Company's CDIs over the prior 10 trading days.

The convertible notes gives the noteholder the right to execute at any point prior to the maturity date of the loan facility, being 10 November 2017. By so exercising its right under this agreement the noteholder is able to convert some or all of its US denominated loan amount and outstanding interest into Sumatra's CDI's which are denominated in Australian Dollars.

The embedded derivative that must be bifurcated and accounted for separately from the debt host. Accordingly, upon the issuance of the convertible note, the Company recorded the estimated fair value of this option (embedded derivative) as a liability of $572,000 which was recorded by reducing the carrying value of the Convertible Notes by $572,000.

The derivative liability is recorded at fair value with changes in fair value recognised in interest income (expense). There was no change to the fair value from inception on 16 December 2015 and as such no interest income (expense) was recorded.

18. DERIVATIVE FINANCIAL INSTRUMENTS

	31 December 2015 US$000	31 December 2014 US$000
Derivative financial liability – warrant		
Balance at beginning of the year	-	-
Fair value on initial recognition	(830)	-
Fair value through the profit / (loss)	72	-
Balance at the end of the year	**(758)**	**-**
Derivative financial liability – convertible note		
Balance at beginning of the year	-	-
Fair value on initial recognition	(572)	-
Fair value through the profit / (loss)	95	-
Balance at the end of the year	**(477)**	**-**
Net derivative asset (liability)	**(1,235)**	**-**
Non-current liability	(1,235)	-
	(1,235)	**-**

Warrants

The Group issued warrants to shareholders on 8 April 2015. These have been accounted for as a derivative financial liability as the functional currency of the company is US$ and the currency in which the warrants have been is issued is A$. They therefore break the "fixed for fixed" criteria in IAS 39 and have been recognised at fair value on the statement of financial position.

Convertible note

Refer to Note 17 for details.

19. CASH USED IN OPERATIONS

	31 December 2015 US$000	31 December 2014 US$000
Loss before tax	**(37,713)**	**(11,917)**
Adjustments for:		
Depreciation	41	1
Share options charge	(201)	143
Provision for impairment of investment in subsidiaries	38,420	-
Provision for impairment of loans to subsidiaries	(3,976)	7,683
Provision for impairment of property, plant and equipment	2,592	
Loss on recognition of derivative	(657)	
Amortisation of borrowing costs	-	356
Interest and costs on convertible note	-	496
Financial income	(220)	852
Operating loss before working capital charges	**(1,714)**	**(3,238)**
(Increase) / decrease in prepayments and other receivables	(13)	115
(Decrease) / increase in trade and other payables	(516)	388
(Decrease) / increase in provisions	(109)	-
Cash used in operations	**(2,352)**	**(2,735)**

20. ORDINARY SHARES AND SHARE PREMIUM

Movement in share capital and premium for the year ended 31 December 2015.

		Number of shares	Ordinary shares US$	Share premium account US$
1 January 2015	Opening balance	583,709,122	9,546,219	58,771,309
8 April 2015	Issue of CDIs[(a)]	88,521,828	1,328,269	2,427,918
7 August 2015	Issue of CDIs[(b)]	34,148,342	530,560	719,440
24 November 2015	Issue of CDIs[(c)]	2,022,890	30,648	34,811
31 December 2015	**Closing balance**	**708,402,182**	**11,435,696**	**61,953,478**

(a) On the 8 April 2015 the Company issued 88,521,828 CHESS Depositary Interests (CDIs) at a price of A$0.058 per CDI to professional and sophisticated investors raising A$5.10 million. This issue represents approximately 13% of the total CDIs on issue subsequent to the issue of the placement. Included in the share premium account are transaction costs totalling US$197,865.

(b) On the 8 April 2015 the Company issued 34,148,342 CDIs at a price of A$0.05 per CDI to professional and sophisticated investors raising A$1.71 million. This issue represents approximately 4.8% of the total CDIs on issue subsequent to the issue of the placement.

(c) The Company issued, for nil consideration, 2,022,890 CDIs totalling A$91,030 (US$65,459) at A$0.045 per CDI to Juniper Capital Partners Limited for services related to the financing of the Senior Secured Debt Facility.

Movement in share capital and premium for the year ended 31 December 2014.

		Number of shares	Ordinary shares US$	Share premium account US$
1 January 2014	Opening balance	414,467,651	6,798,797	54,675,584
2 October 2014	Issue of CDIs[(a)]	163,833,929	2,663,214	3,932,609
8 December 2014	Issue of CDIs[(b)]	5,407,542	84,208	163,116
31 December 2014	**Closing balance**	**583,709,122**	**9,546,219**	**58,771,309**

(a) The Company issued 163,833,929 CDIs totalling A$7,536,361 (US$6,595,823) at A$0.046 per CDI on conversion of the full capitalised value of the Convertible Loan Facility Agreement, including interest and facility fee entered into on 4 December 2013 with Provident Minerals Pte Ltd and PT Saratoga Investama Sedaya Tbk. The CDIs issued were 82,014,893 and 81,819,036 respectively.

(b) The Company issued, for nil consideration, 5,407,542 CDIs totalling A$297,415 (US$247,324) at A$0.055 per CDI to Juniper Capital Partners Limited for services related to the financing of the Senior Secured Debt Facility.

21. SHARE BASED PAYMENTS

Options

Under the Company's share option scheme, share options are granted to Directors and to selected employees. The exercise price is the greater of the nominal value of the share, or an amount specified by the Board, which if granted at or around a placing must not be less than the price issued at the time of the placing. Options are conditional on the employee completing two years' service (the vesting period). Fifty per cent of the options granted are exercisable after one year and the remainder after two years. The Company has no legal or constructive obligation to repurchase or settle the options in cash. Options have no voting or dividend rights.

Movement in unissued ordinary shares of the Company under option during the year:

Exercise price	Held at 1 January 2015 Number	Lapsed during the year Number	Held at 31 December 2015 Number	Expiry date
A$0.25 (US$0.20)	3,500,000	(2,000,000)	1,500,000	14 June 2017
	3,500,000	**(2,000,000)**	**1,500,000**	

Performance rights

Movement in unissued shares under performance rights during the year:

Valuation per right	Held at 1 January 2015 Number	Granted during the year Number	Held at 31 December 2015 Number	Vesting date
A$0.05 (US$0.049)	-	7,500,000	7,500,000	1 January 2016
A$0.05 (US$0.049)	-	7,500,000	7,500,000	1 January 2017
	-	**15,000,000**	**15,000,000**	

2015 Market performance objectives:

These performance rights are subjected to both service conditions and market vesting conditions. The Company is required to take into consideration the probability of reaching the target share price when estimating the fair value of these equity instruments at grant date. On this basis, the Company will continue to recognise expenses associated with providing this share based payment award to the employee as long as the service condition has been achieved, irrespective of whether the market condition is satisfied.

The fair value of services received in return for these performance rights granted are measured by reference to the fair value of the performance rights. On grant date the estimate of the fair value of the services received is measured based on the spot price at the date of grant. The contractual life of the performance right is used as an input into this model.

The following table summarises the key data in relation to the valuation of market performance rights granted under the LTI Plan are as follows:

Performance condition	Company share price against the ASX gold index	Achievement of project milestones
Underlying spot price	A$0.05	A$0.05
Exercise price	A$0.00	A$0.00
Valuation date	29 May 2015	29 May 2015
Vesting date	1 January 2016	1 January 2017
Vesting period from grant date	7 Months	14 Months
Number of rights	7,500,000	7,500,000
Fair value per right	A$0.05 (US$0.049)	A$0.05 (US$0.049)
Valuation per performance condition	A$375,000 (US$287,779)	A$375,000 (US$287,779)
Entitled number of employees	3	3

Performance rights hurdles conditioned against the ASX gold index were not met and in accordance these rights did not vest on 1 January 2016.

Warrants

Movement in unissued warrants during the year:

Exercise price[i]	Held at 1 January 2015 Number	Issued during the year Number	Cancelled during the year Number	Held at 31 December 2015 Number	Exercise date
A$0.057 (US$0.041)[a]	222,753,201	27,884,150	-	250,597,351	12 November 2017
A$0.060 (US$0.043)[b]	-	44,260,914	-	44,260,914	7 April 2017
A$0.057 (US$0.042)[c]	-	17,074,171	-	17,074,171	7 August 2017
	222,753,201	**89,179,235**	**-**	**311,932,436**	

i. All options are exercisable in A$ (presented in US$ at 31 December 2015 rate of $0.7289)

(a) On 21 October 2014, the wholly owned subsidiary PT Dwinad Nusa Sejahtera entered into a Senior Secured Facility with Nomura Special Investments Singapore Pte Ltd and Indonesian Exim Bank. As part of the conditions precedent the Company agreed to grant an aggregate total of 250,597,351 Warrants. The Warrants will be issued in two tranches:

(i) the first tranche of up to 222,753,201 Warrants were issued on 12 November 2014 as conditions precedent were satisfied: (a) Shareholder approval being obtained for the purposes of ASX Listing Rule 7.1; and (b) provision of the first tranche of the Nomura Facility (being US$40 million) to the Company. The total fair value of tranche 1 was US$5.3 million and has been recognised as part of borrowing cost which will be amortised over the life of the facility using the effective interest rate method.

(ii) the second tranche of up to 27,844,150 Warrants was issued on 22 September 2015 as a result of the second tranche of the Nomura Facility (US$ 5.0 million) being advanced to the Company. Increasing the total held to 250,597,351.

(b) On the 8 April 2015 the company made a placement of CDIs to professional and sophisticated investors, raising A$5.10 million. As part of this placement the Company made an allocation of 44,260,914 warrants for no consideration. This warrant placement equalled 1 warrant per 2 CDIs to be issued under the CDI Placement. The warrants have an exercise price of A$0.060 each, a term of two years and are non-transferrable.

(c) On the 7 August 2015 the company made a placement of CDIs to professional and sophisticated investors, raising A$1.71 million. As part of this placement the Company made an allocation of 17,074,171 warrants for no consideration. This warrant placement equalled 1 warrant per 2 CDIs to be issued under the CDI Placement. The warrants have an exercise price of A$0.057 each, a term of two years and are non-transferrable.

The following are the main terms and conditions of the Warrants on issue during the year ended 31 December 2015:

	Nomura Tranche 1	Investors 30 March 2015	Investors 4 August 2015	Nomura Tranche 2
Exercise price AU$	$0.057	$0.060	$0.057	$0.057
Exercise price US$	$0.047	$0.046	$0.042	$0.041
Valuation date	12 November 2014	8 April 2015	7 August 2015	22 September 2015
Option life	3 years	2 years	2 years	2 years
Number of warrants	222,753,201	44,260,914	17,074,171	27,844,150
Total fair value of warrants AU$	$6,237,089	$804,465	$308,067	$524,567
Total fair value of warrants US$	$5,349,734	$614,636	$226,065	$375,610

The following describes the nature and purpose of each reserve within equity:

Share premium	Amount subscribed for share capital in excess of nominal value.
Convertible debt option reserve	Amount of proceeds on issue of convertible debt relating to the equity component (i.e. option to convert the debt into share capital).
Hedging reserve	Gains/losses arising on the effective portion of hedging instruments carried at fair value in a qualifying cash flow hedge.
Foreign exchange reserve	Gains/losses arising on retranslating the net assets of overseas operations into US$.
Retained earnings	All other net gains and losses and transactions with owners (e.g. dividends) not recognised elsewhere.

22. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company has exposure to liquidity risk, credit risk, market risk (including interest rate risk and foreign exchange risk) and commodity risk arising from its financial instruments.

The Company's management of financial risk is aimed at ensuring net cash flows are sufficient to meet all of its financial commitments and maintain the capacity to fund the operation and exploration activities. The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework. Management monitors and manages the financial risks relating to the operations of the Company through regular reviews of the risks.

Market, liquidity and credit risks (including foreign exchange, commodity price, interest rate and counterparty risk) arise in the normal course of business. These risks are managed under Board approved treasury processes and transactions.

The principal financial instruments as at the reporting date include receivables, payables, loans and borrowings, derivatives and cash.

This note presents information about exposures to the above risks, the objectives, policies and processes for measuring and managing risk, and the management of capital.

The main risks arising from the Company's financial instruments are liquidity risk, foreign currency risk, credit risk, market risk (including interest rate risk and foreign exchange risk) and commodities risk. The Company reviews and agrees policies for managing each of these risks and they are summarised below.

(a) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. It is the Company's policy to ensure and maintain a reputable credit profile by adhering to credit terms and ensuring a strong ongoing cash balance.

At 31 December 2015 the Company had cash of US$0.89 million and net current liabilities of US$0.2 million. Current liabilities of US0.21 million include audit fees and directors' fees accrued but not yet paid.

	Up to 6 months	Between 6 and 12 months	Between 1 and 2 years	Between 2 and 5 years
Trade and other payables	211	-	-	-
Loans and borrowings	-	-	500	-
Convertible note	-	-	-	1,412
Derivative financial instruments used for hedging	-	-	1,235	-

(b) Foreign currency risk

In common with many other businesses in Australia and Indonesia, foreign currencies play a significant role in the underlying economics of the business transactions of the Company. As Sumatra Copper and Gold is limited in the transactions that are performed the directors believe that in the current economic environment a movement in the exchange rate will not have a material impact of the activities of the company.

(c) Credit risk

With respect to credit risk arising from the other financial assets of the Company, which comprise cash and cash equivalents, and certain receivables, the Company's exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments. All deposits are held with financial institutions that have a Standard & Poor's credit rating of AA- or better.

(d) Interest rate risk

The Company is has determined to mitigate exposure to cash flow from interest rate risk arising from loans and borrowings at variable rate, by entering into fixed interest rate borrowings. The Company's current borrowings are all fixed.

(f) Capital risk management

The Company regards its share capital and reserves as its equity and uses its monthly management accounts to monitor the level of cash available to plan for future fundraisings. Additionally, the Company has prepared detailed cash flow forecasts, which are compared on a monthly basis to actual expenditures.

The Board's policy in managing capital is to ensure that the Company continues as a going concern, and that its capital base is sufficiently strong so as to maintain investor, creditor and market confidence and to sustain future development of the business. The objective is to maintain a level of debt finance, determined according to prevailing commercial conditions, that provides a balance between this policy and optimising shareholder returns through the effect of gearing.

(g) Financial instrument classification

	Financial assets at fair value through profit and loss		Loans and receivables	
Financial assets	**2015 US$000**	**2014 US$000**	**2015 US$000**	**2014 US$000**
Cash and cash equivalents	-	-	39	133
Trade and other receivables	7,841	39,288	-	-
Total financial assets	**7,841**	**39,288**	**39**	**133**

Financial liabilities	Financial assets at fair value through profit and loss 2015 US$000	2014 US$000	Financial liabilities at amortised cost 2015 US$000	2014 US$000
Trade and other payables	-	-	211	931
Loans and borrowings	-	-	500	-
Convertible loan	1,412	-	-	-
Derivative financial instruments	1,235	-	-	-
Total financial liabilities	**2,647**	**-**	**711**	**931**

(f) Fair value estimation

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).

Level 3: Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

The following table presents the Company's financial assets and liabilities that are measured at fair value at 31 December 2015:

31 December 2015	Level 1 US$000	Level 2 US$000	Level 3 US$000	Total US$000
Derivative financial instruments - warrants	-	-	1,412	1,412
Derivative financial instruments - convertible note	-	-	1,235	1,235
Total liabilities	**-**	**-**	**2,647**	**2,647**

There is no material difference between the carrying value and fair value of financial instruments at year end (2014: nil). There were no financial instruments being held for trading or available for sale at year end (2014: nil).

There were no transfers between levels during the period (2014: no transfers).

The valuation techniques and significant unobservable inputs used in determining the fair value measurement of level 2 and level 3 financial instruments, as well as the interrelationship between key unobservable inputs and fair value, are set out in the table below:

	Valuation techniques used	Significant unobservable inputs (Level 3 only)	Inter-relationship between key unobservable inputs and fair value (Level 3 only)
Financial liabilities: Warrants	Pricing tool - Black Scholes	Implied volatility -includes the historical share price volatility from the date of last equity raising where Provident and Saratoga became major shareholders of the Company (18 June 2013) until grant date.	An increase in volatility results in an increase in fair value.
Derivative financial instruments - convertible note	Pricing tool - Fisher Black	Implied volatility 132% Risk free rate 2.00% (Independent valuation provided by Origin Capital Group)	An increase in volatility results in an increase in fair value.

23. RELATED PARTY TRANSACTIONS

Key management personnel (KMP), or their related parties, hold positions in other entities that result in them having control or significant influence over the financial or operating policies of those entities. Those entities may enter into transactions with the Company or its subsidiaries. The terms and conditions of such transactions are no more favourable than those available, or which might reasonably be expected to be available, to non-KMP related entities dealing at arm's length with the Company.

During the year ended 31 December 2015 the Company was invoiced US$49,432 (2014: US$ 62,206) by Hunter Corporate, for company secretary services. Hunter Corporate is a company associated with Susan Hunter who is the Joint Company Secretary. At 31 December 2015 there was no amount outstanding (2014: nil).

During the year ended 31 December 2015 the Company was not invoiced (2014:US$7,230) by Barr Ellison LLP Solicitors, for company secretary services and legal advice in the United Kingdom. Barr Ellison LLP Solicitors is an entity associated with Allison Barr who held the position of Joint Company Secretary and Mark Satterly who was appointed to the position of Joint Company Secretary. As at 31 December 2015 there was no amount outstanding (2014: nil).

During the year ended 31 December 2015 the Company was not invoiced (2014:US$5,467) by JWMinConsult Limited, for consulting services. JWMinConsult Limited is a company associated with Jocelyn Waller who is a Non-executive director of the Company. As at 31 December 2015 there was no amount outstanding (2014:US$5,467).

KMP are those persons having authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly. For the years ended 31 December 2015 and 31 December 2014 the KMP's were the Directors, the Chief Financial Officer and the Chief Operating Officer. KMP's remuneration is disclosed in note 7.

24. POST BALANCE SHEET EVENTS

On 16 December 2015 the Company announced that it had obtained a US$5 million working capital facility in the form of convertible notes provided by its major shareholder Provident Minerals Pte Ltd ("Provident") ("Convertible Note Agreement"). Under the Convertible Note Agreement, Provident subscribed for a first tranche of 2 million convertible notes, for a consideration of US$2 million, to be issued under the Company's available placement capacity under ASX Listing Rule 7.1 ("First Tranche"). A second tranche of up to 3 million convertible notes for a consideration of US$3 million ("Second Tranche") would be issued subject to approval of the shareholders of the Company ("Shareholders"). Subsequent to the end of the quarter, approval for the Second Tranche was received at a General Meeting of Shareholders held on 11 January 2016.

The Company also entered into a working capital loan facility ("Working Capital Facility") with Provident to provide up to US$3 million, to be repaid on the earlier of the issue of the Second Tranche of convertible notes or on the maturity date of the convertible notes. During the December 2015 quarter the First Tranche of US$2 million was drawn down (Appendix 3B dated 23 December 2015) and US$0.5 million was drawn down by the Company under the Working Capital Facility.

Subsequent to the end of the year US$0.5 million of the Second Tranche was provided by Provident. The Company used the proceeds to repay the US$0.5m Working Capital Facility (Appendix 3B, 29 January 2016). Provident assigned the remaining US$2.5m Second Tranche to major shareholder PT Saratoga Investama Sedaya which was drawn down by the Company (Appendix 3B dated 29 January 2016).

On 31 March 2016 the Company announced that it had obtained a further US$2.0 million of funding under an amendment of its Convertible Note Agreement provided by Provident Minerals Ltd (Provident) and PT Saratoga Investama (Saratoga).

Under this amendment of the convertible note agreement Provident and Saratoga subscribed for 2.0 million US$1 convertible notes for a consideration of US$2.0 million to be issued under the Company's available placement capacity under ASX Listing Rule 7.1

Additional ASX Information

The following additional information is required by the Australian Securities Exchange. The information is current as at 31 March 2016.

(a) Distribution schedule and number of holders of equity securities as at 31 March 2016

	1 – 1,000	1,001 – 5,000	5,001 – 10,000	10,001 – 100,000	100,001 – and over	Total
Chess Depository Interests (CDIs) (SUM)	75	107	165	548	201	1,096
Fully Paid Ordinary Shares	6	-	-	6	4	16
Unlisted Options – $0.25 14/6/17	-	-	-	-	2	2
Warrants – $0.06 7/4/17	-	-	-	-	10	10
Warrants – $0.057 12/11/17	-	-	-	-	2	2

The number of holders holding less than a marketable parcel of fully paid ordinary shares as at 31 March 2016 is 351.

(b) 20 Largest holders of quoted equity securities as at 31 March 2016

The names of the twenty largest holders of Chess Depository Interests (CDIs) (ASX code: SUM) as at 31 March 2016 are:

Rank	Name	CDIs	% of Total CDIs
1	PROVIDENT MINERALS PTE LTD	232,750,037	32.79
2	PT SARATOGA INVESTAMA SEDAYA	185,278,580	26.11
3	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	51,837,365	7.30
4	GOLDSTAR MINING ASIA RESOURCES BHD	44,356,656	6.25
5	YAW CHEE SIEW	24,972,309	3.52
6	MRS JULIETTE M BUCHANAN	22,298,732	3.14
7	CITICORP NOMINEES PTY LIMITED	18,359,337	2.59
8	ABN AMRO CLEARING SYDNEY NOMINEES PTY LTD <CUSTODIAN A/C>	7,839,780	1.10
9	BERRAFALL PTY LTD <MORRIS HARDWICK S/F A/C>	7,500,000	1.06
10	BNP PARIBAS NOMS PTY LTD <UOB KAY HIAN PRIV LTD DRP>	7,373,783	1.04
11	NATIONAL NOMINEES LIMITED	6,826,700	0.96
12	ADI ADRIANSYAH SJOEKRI	5,251,500	0.74
13	J P MORGAN NOMINEES AUSTRALIA LIMITED	3,691,794	0.52
14	MR MATTHEW HODGSON	2,229,874	0.31
15	DBS VICKERS SECURITIES (SINGAPORE) PTE LTD <CLIENT ACCOUNT>	2,140,000	0.30
16	MARQUEE NOMINEES LIMITED	2,022,890	0.29
17	BNP PARIBAS NOMS PTY LTD <DRP>	1,808,392	0.25
18	MR MATTHEW CHARLES FARMER <FARMER FAMILY A/C>	1,685,540	0.24

Rank	Name	CDIs	% of Total CDIs
19	MRS ISABELLE NIBELLE	1,672,404	0.24
20	LOFIVA PTY LTD	1,368,908	0.19
	TOTAL	**631,264,581**	**88.94**

Stock Exchange Listing – Listing has been granted for 709,735,176 CDIs of the Company on issue on the Australian Securities Exchange.

The unquoted securities on issue as at 31 March 2016 are detailed below in part (d).

(c) Substantial holders

Substantial holders in Sumatra Copper & Gold plc and the number of equity securities and percentage of issued capital held over which the substantial holder has a relevant interest as disclosed in substantial holding notices given to the Company are listed below:

Substantial Shareholder	No. CDIs Held	%
Provident Minerals Pte Ltd	237,888,657	33.67
PT Saratoga Investama Sedaya	159,658,135	27.61
Goldstar Mining Asia Resources Bhd	44,356,656	6.6
Yaw Chee Siew	24,972,309	6.1

(d) Unquoted securities and the names of persons holding more than 20% of a given class of unquoted securities (other than employee options) as at 31 March 2016

The number of unquoted securities on issue as at 31 March 2016:

Security	Number on issue
Employee unlisted Options – exercisable at $0.25, on or before 14/6/17.	1,500,000
Warrants – exercisable at $0.06, on or before 7/4/17.	44,260,914
Warrants – exercisable at $0.06, on or before 7/8/17.	17,074,171
Warrants – exercisable at $0.057, on or before 12/11/17.	250,597,351
Performance Rights	Up to 7.5m
Convertible Notes - $0.057; 12/11/17	5,000,000

(e) The names of persons holding more than 20% of a given class of unquoted securities (other than employee options) as at 31 March 2016

Security and holder details	Number held	%
Warrants – exercisable at $0.06, on or before 7/4/17. - Mrs Juliette M Buchanan - Provident Minerals Pte Ltd - PT Saratoga Investama Sedaya	 11,149,366 12,045,000 12,045,000	 25.2 27.2 27.2
Warrants – exercisable at $0.06, on or before 7/4/17. - Provident Minerals Pte Ltd - PT Saratoga Investama Sedaya	 9,506,557 7,567,614	 55.7 44.3
Warrants – exercisable at $0.057, on or before 12/11/17.		

Security and holder details	Number held	%
- Nomura Special Investments Singapore Pte. Ltd. - Nokota Capital Master Fund, L.P.	139,220,751 111,376,600	55.6 44.4
Convertible Notes - $0.057; 12/11/17 - Provident Minerals Pte Ltd - PT Saratoga Investama Sedaya	 2,500,000 2,500,000	 50.0 50.0

(f) Restricted Securities as at 31 March 2016

There are no restricted securities on issue as at 31 March 2016.

(g) Voting Rights

All fully paid ordinary shares carry one vote per ordinary share without restriction.

The Company's ordinary shares traded on the Australian Securities Exchange are traded as Chess Depositary Interests ('CDIs'). Each CDI is a beneficial interest in a share.

Unquoted options and warrants have no voting rights.

(h) Company Secretary

The Joint Company Secretaries are Ms Susan Hunter and Mr Mark Satterly.

(i) Registered Office

The Company's Registered Office 39 Parkside, Cambridge, CB1 1PN, United Kingdom.

(j) Share Registry

The Company's Share Registry is Computershare Investor Services Pty Ltd of Level 11, 172 St Georges Terrace, Perth WA 6000. Telephone 1300 557 010.

(k) On-Market Buy-back

The Company is not currently performing an on-market buy-back.

(l) Corporate Governance Statement

The Company's 31 December 2015 Corporate Governance Statement and Appendix 4G is available on the Company's website at http://www.sumatracoppergold.com/corporate-governance-statement and have also been released to ASX.

(m) Schedule of interests in Mining Tenements

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[1]:	23 March 2016
Permit Period:	8 years to 21 December 2017

Note 1: On 1 April 2015 the Company gave notice to the Dinas of Mines to relinquish an area comprising 2,662 ha held by PT Bengkulu Utara Gold. The permit was signed by the Chairman of Indonesia Investment Board (BKPM) on 23 March 2016 with 2,644 ha relinquished and 14,044 ha retained.

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