



29 July 2010

The Manager Companies
ASX Limited
20 Bridge Street
Sydney NSW 2000

(14 pages by email)

Dear Madam

REPORT ON ACTIVITIES FOR THE QUARTER ENDED 30 JUNE 2010

HIGHLIGHTS

- **Newcrest agreement to subscribe for a 7.1% (13.2% fully diluted) equity stake in Sumatra and to joint venture two Sumatra projects**
- **Agreement to increase ownership of all material mineral tenements to 100%**
- **Completion of the initial 5,000 metre core drilling program at Tembang and geological reinterpretation. There were significant high grade results from this program including 1.95 metres @ 81.92 g/t Au and 208.1 g/t Ag and the final result, not previously announced, of 3.7 metres @ 11.88 g/t Au and 130.6 g/t Ag**
- **4,874 hectare extension to Pasaman IUP granted and new parallel zone of mineralisation discovered at Sontang**
- **Exploration commencing in Musi Rawas and Jambi IUPs. Recent rock chip samples to 14.30 g/t Au**

1. CORPORATE ACTIVITIES

1.1 Newcrest Equity and Joint Venture Agreement

Subsequent to the end of the quarter, Newcrest Mining Limited ('Newcrest') and Sumatra Copper & Gold plc ('Sumatra') signed a Heads of Agreement ('Agreement') involving an equity investment by Newcrest in Sumatra and a joint venture investment in two of Sumatra's gold projects in the southwest region of the Island of Sumatra, Indonesia.

The Agreement (which is non-binding other than with respect to exclusivity and confidentiality provisions) sets out the proposed principal terms on which Newcrest can:

- Subscribe for an initial 7.1% stake in Sumatra for A\$2.5 million comprising 10 million shares at A\$0.25 per share and 10 million attaching options, each exercisable to acquire one share for A\$0.38 over an 18 month period. If fully exercised, Newcrest's interest in Sumatra would increase to 13.2%.
- Earn a 70% interest in Sumatra's Tandai Project by spending US\$12 million over 5 years, with a minimum commitment of US\$1.75 million over the first 18 months.
- Provide a down-payment of US\$500,000 for an option to acquire a 25% interest in Sumatra's Tembang Project for US\$10 million, exercisable at any time until 31 March 2011.

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Newcrest and Sumatra intend to enter into definitive agreements in relation to the three limbs of the transaction by 17 August 2010. The joint venture investments are also dependent on approvals by Indonesian authorities.

1.2 Agreement to Increase Ownership of Tenements to 100%

Subsequent to the end of the quarter, the Company entered into a binding Heads of Agreement with Adi Adrianyah Sjoekri ('Adi Sjoekri') to restructure their current arrangements resulting in Sumatra acquiring all of Adi Sjoekri's interests in five operating entities:

- PT Dwinad Nusa Sejahtera (which holds the Tembang project);
- PT Nusa Palapa Minerals (which holds the Sontang project);
- PT Bengkulu Utara Gold (which holds the Tandai project);
- PT Musi Rawas Gold (which holds the Musi Rawas project); and
- PT Jambi Gold (which holds the Jambi project),

for a consideration of 3,800,000 new Sumatra CHESSESS depository interests for shares and A\$368,000 in cash.

Completion of the transaction is conditional on local approvals, particularly from BKPM, the Indonesian Investment Coordinating Board. This process is under way.

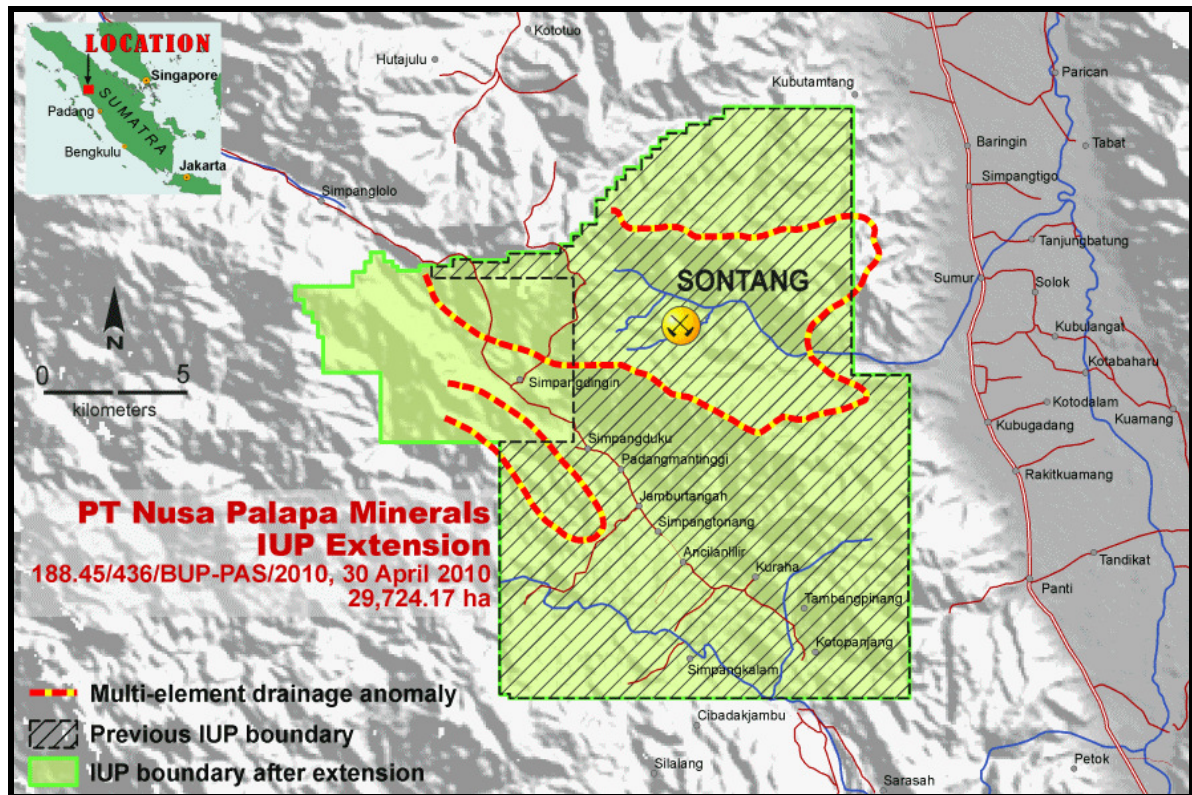
Completion of this transaction will have the effect of raising Sumatra's economic interest and/or ownership in 5 local companies holding IUPs and one with an application from 92.5% to 100%.

1.3 Extension of Pasaman IUP

Sumatra Copper & Gold plc ('Sumatra' or 'the Company') has rights to an exploration IUP previously totalling almost 250 km² located in the regency of Pasaman in the province of West Sumatra, approximately 160 kilometres north of Padang and immediately adjacent to the boundary with the province of North Sumatra. North Sumatra is host to the advanced gold projects of Martabe and Sihayo Gold.

On 30 April 2010, the Bupati of Pasaman approved an extension to the existing tenement boundaries for an additional 4,874.17 hectares. The Pasaman IUP now covers an area of 29,724.17 hectares.

The extension of the IUP adds a considerable area of prospective ground to the Sontang tenement to the west and north-west. This includes highly prospective drainage anomalies in the Upper Saribulan and Barilas rivers which have been the focus of current and past alluvial gold workings.



Pasaman IUP showing the newly granted extension

2. OPERATIONS

2.1 Tembang

The Tembang project is located approximately 120 kilometres north-northeast of Bengkulu in South Sumatra province. Tembang is a large low-sulphidation epithermal deposit comprising gold-silver bearing quartz veins hosted by Tertiary volcanics. The property was previously mined from late 1997 until March 2000 when production ceased due to a declining gold price. The Company has rights to two IUPs totalling an area of some 850 km² over and around the old mine-site.

Work this quarter has been focused on drilling activities to upgrade the current resource, initiating a 1,500 metre exploration program, testing the waste dumps as well as mapping of the halo mineralisation to integrate into a new 3-D model.

Mapping

Field mapping of the halo quartz veins continues around the main vein systems. The purpose of this mapping is to better constrain the geometry of the halo mineralisation and improve the certainty of the gold resource. The Company aims to complete a 3-D model for the halo resource by the end of the third quarter of this year.

Drilling

Resource Drilling

A total of 27 holes (5,000 metres) have been completed during the current program of diamond drilling designed to test the down dip extensions of the higher grade vein systems at Buluh, Bujang, Nuri, Berenai and Belinau.

Excellent results continue to be obtained at Belinau extending the shoot to the south and at depth. Results include RDD10056 which returned 2.7 metres @ 7.62 g/t Au and 23.0 g/t, RDD10080 gave 3.7m @ 11.88g/t Au, 130.6g/t Ag, and the highest result to date RDD10070 with **1.95 metres @ 81.92 g/t Au and 208.1 g/t Ag**.

Results for 4 holes drilled into the main Berenai vein have been received. Berenai together with Nuri contributed approximately 70% of the ore mined previously by Barisan Tropical Mining (BTM), and constitutes some 30% of the existing JORC resource. A review of the old BTM drill data has indicated the presence of two high grade shoots (>15 mg/t Au) open at depth.

The drilling program has concentrated on the southern shoot and has succeeded in pushing the shoot deeper with continuing high grades. Notable results include RDD10064 13.3 metres @ 2.91 g/t Au, 3.5 g/t Ag including **8.0 metres grading 8.13 g/t Au, 1.4 g/t Ag**, RDD10066 15.1 metres @ 4.94 g/t Au, 5.0 g/t Ag including **7.1 metres grading 9.39 g/t Au, 7.1 g/t Ag** and RDD10067 5.6 metres @ 6.91 g/t Au, 87.7 g/t Ag including **3.1 metres grading 12.12 g/t Au, 89.4 g/t Ag**. Further step out drilling, which will require a larger rig than the one currently on-site, will allow drilling of the northern high grade shoot.

At Nuri, RDD10068 intersected 27.0 metres @ 0.57 g/t Au in waste dumps from surface before intersecting a thick zone of both halo 9.30 metres @ 0.79 g/t Au, 19.8 g/t Ag, and vein 6.9 metres @ 1.08 g/t Au, 21.6 g/t Ag. Although the vein is moderate grade this is still encouraging as a significant width of veining is still evident at depth.

Results from South Buluh were in line with previous results but the tenor of gold mineralisation is moderate to low.

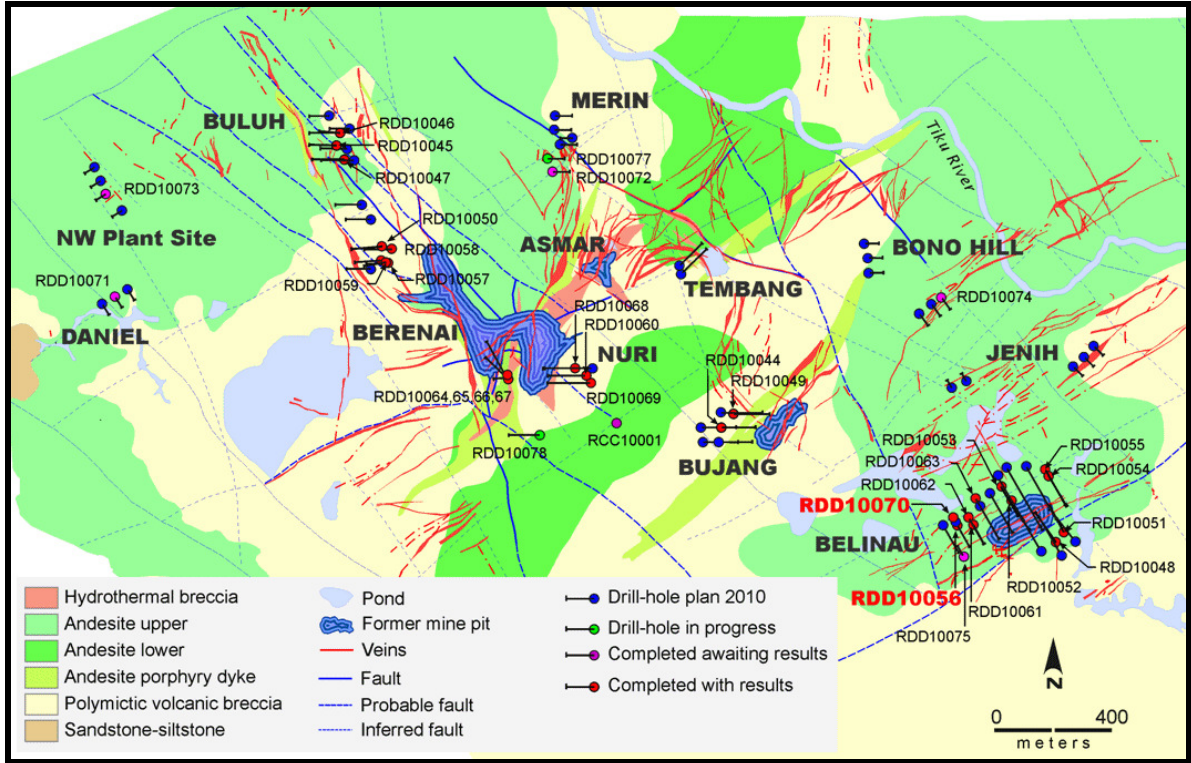
Exploration Drilling

A 1,500 metre 'near mine' exploration program is in progress to assess near surface vein extensions and areas of previous high grade rock chip geochemistry adjacent to mineralised structures. The program has already met with success at Merin and Bujang Extended. Hole RDD10072 at Merin intersected potentially significant mineralisation of 2.0 metres @ 0.97 g/t Au, 23.0 g/t Ag. A deeper test will be planned in this prospect to explore for higher grades at depth. At Bujang Extended RDD10074 intersected 3.0 metres @ 0.33 g/t Au, 54.0 g/t Ag.

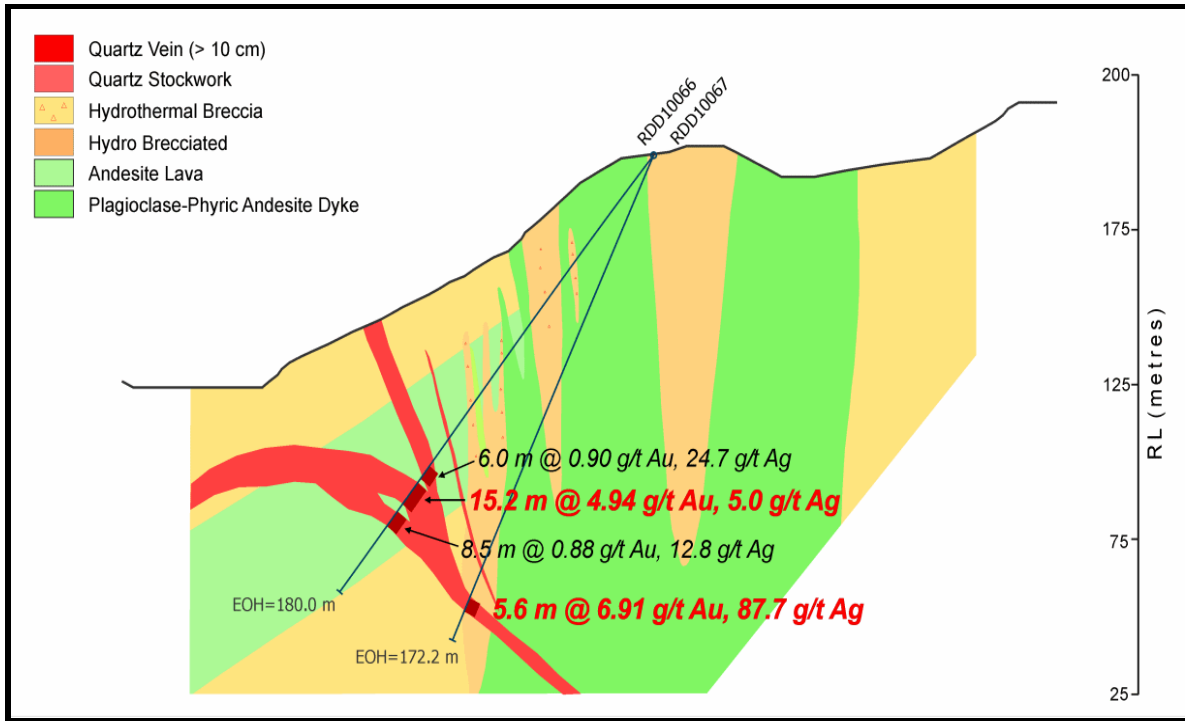
Drill hole locations and assay results have been reported previously by the Company and are available on the Company's website.

Geological Re-interpretation

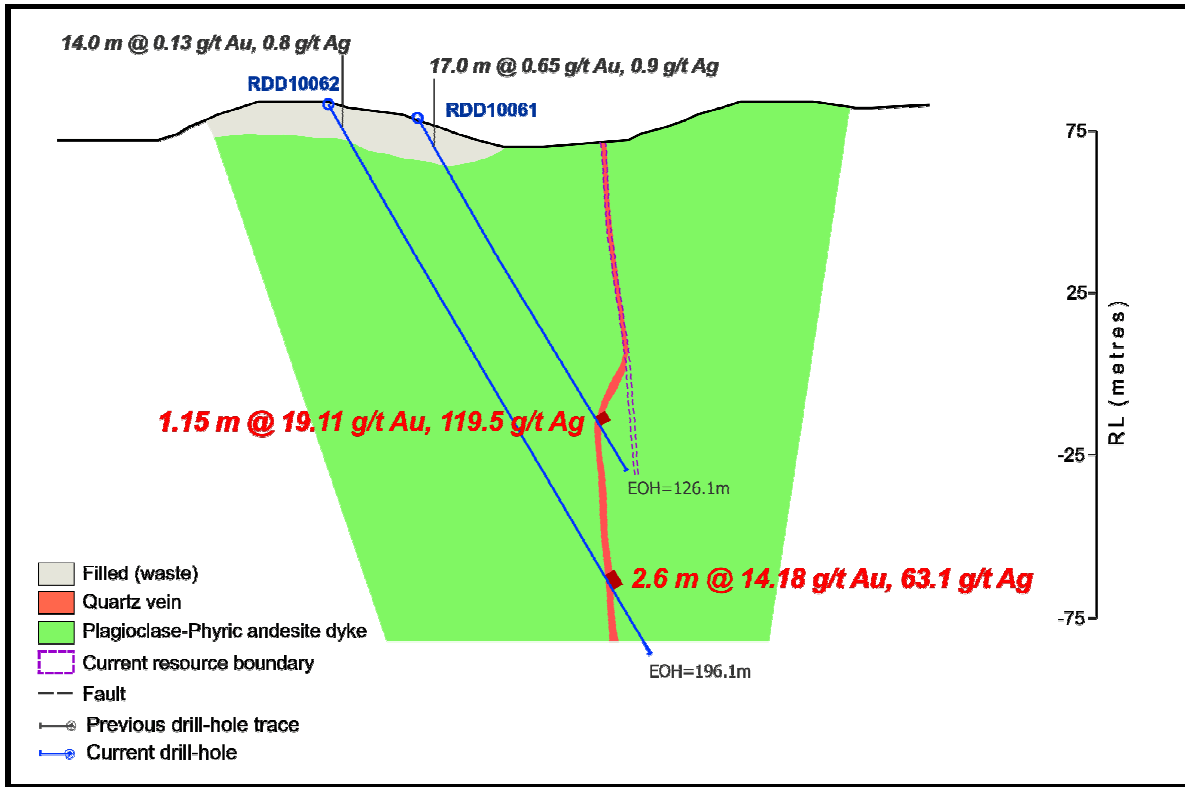
These new high grade drilling intercepts at Tembang, in addition to those reported earlier at Belinau and Nuri, indicate that higher grade zones exist at depth that were not previously explored or mined by BTM. Further, the Company's current mineral resource, which is based primarily on previous BTM drill data, does not therefore fully reflect this higher grade potential.



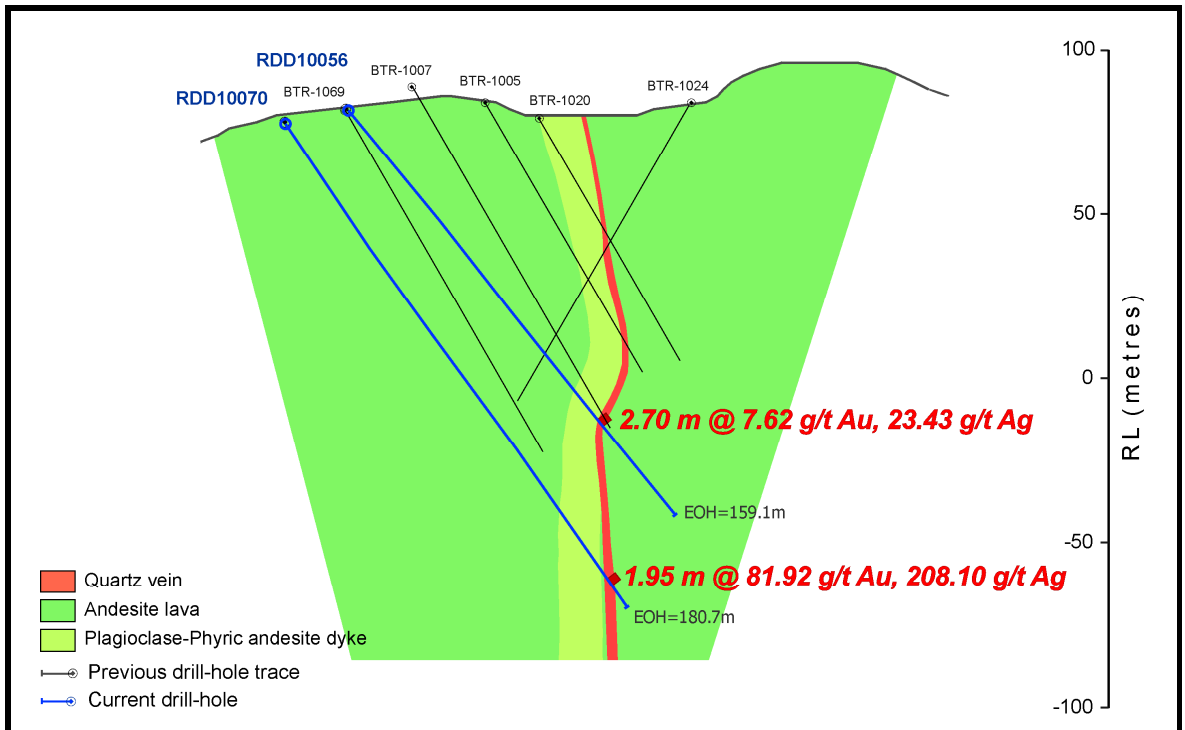
Plan of Tembang Drilling Program



Tembang Drill Section RDD10066, RDD10067 (Looking North West)



Belinau Drill Section RDD10061, RDD10062 (Looking North East)



Belinau Drill-hole section RDD10056 and 70 (Looking North East)

Our understanding of the vein systems suggests that considerable depth potential exists for higher grade shoots extending below the known vein systems, in particular below the largest vein/halo system mined to date at Berenai/Nuri. Tembang is most likely an intermediate sulphidation epithermal vein system similar to our own Lebong Tandai and the Co-O mine complex in the Philippines. By analogy, Tembang could potentially have shoots that extend more than 200 metres down-dip.

The Company is now in advanced planning for a further 10,000 metre drilling program to explore and define these higher grade shoots underneath what appears to be a lower grade cap. These holes hold the promise to multiply the resource potential of Tembang several times.

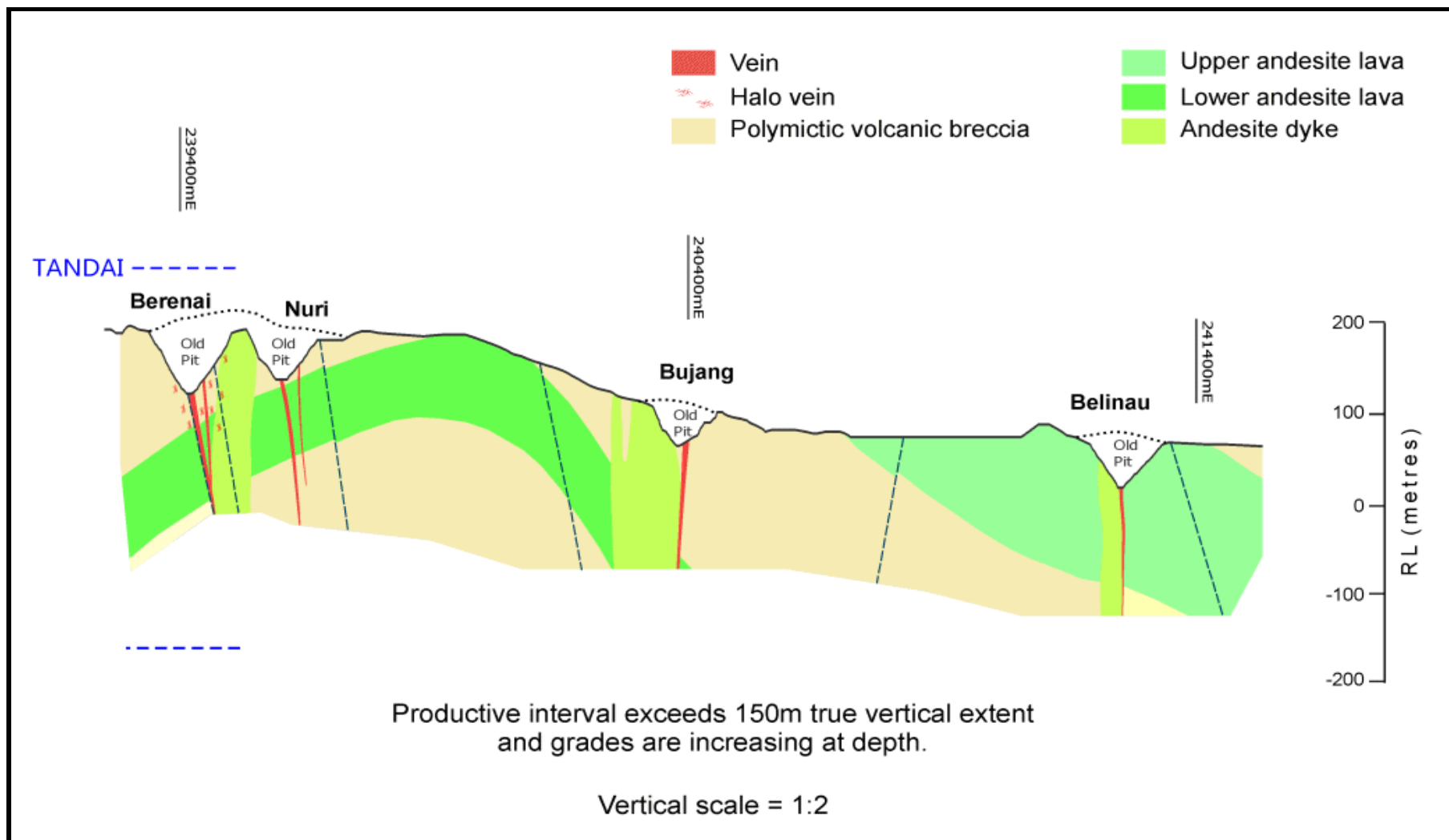
Waste Dump Drilling

A total of six holes were drilled into the old Main Waste Dump to evaluate its potential as a low grade stockpile. The holes were drilled as two groups of three holes, one to the north one to the south to test grade and continuity. Further holes will be drilled if the initial drilling results are favourable.

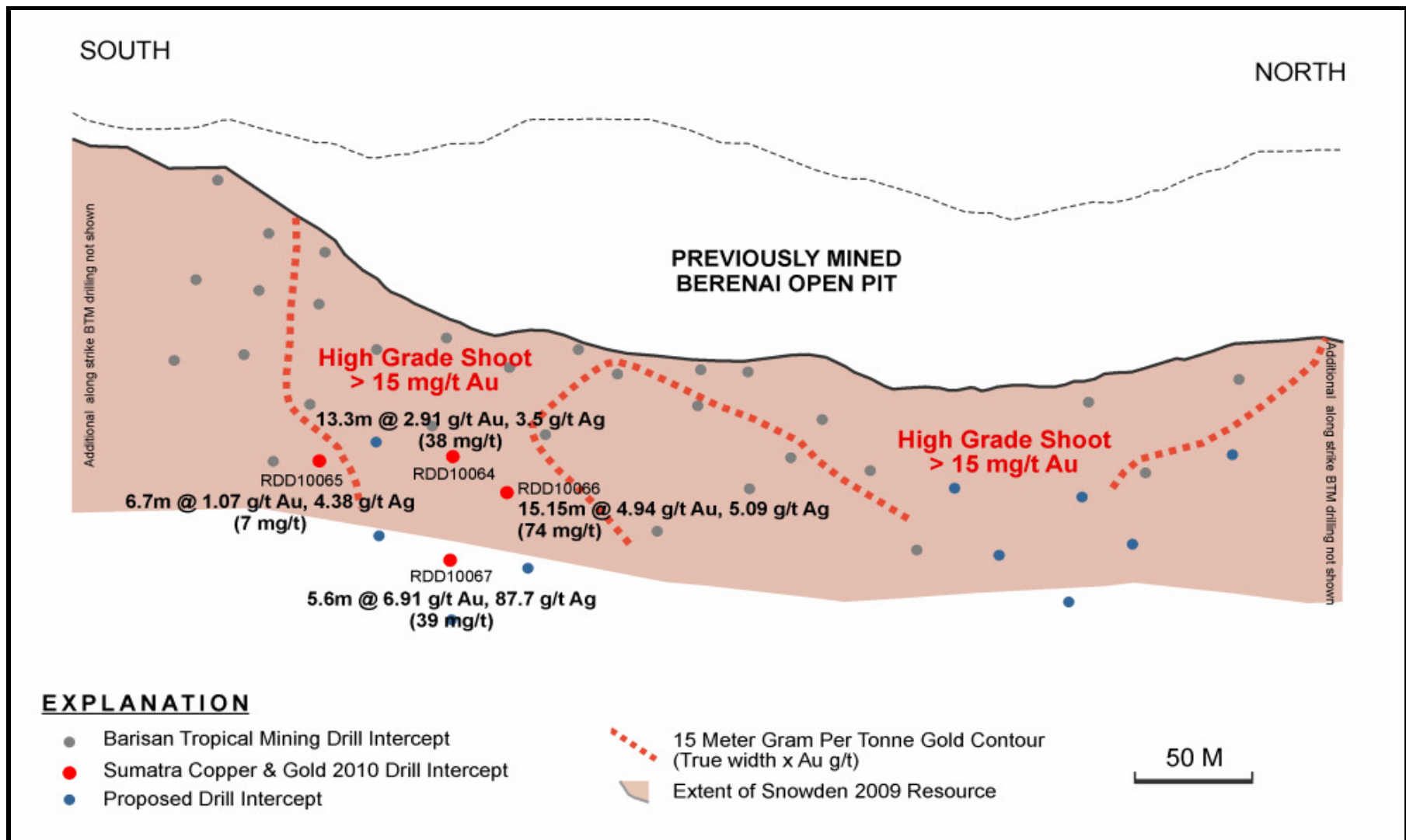
Initial results confirm the existence of clearly defined and competent mineralised zones with grades between 0.2 g/t Au and 0.5 g/t Au. The best result was from hole RCH10002 which returned 13.0 metres @ 0.47 g/t Au, 6.4 g/t Ag.

Halo Beneficiation Drilling and Metallurgical Testwork

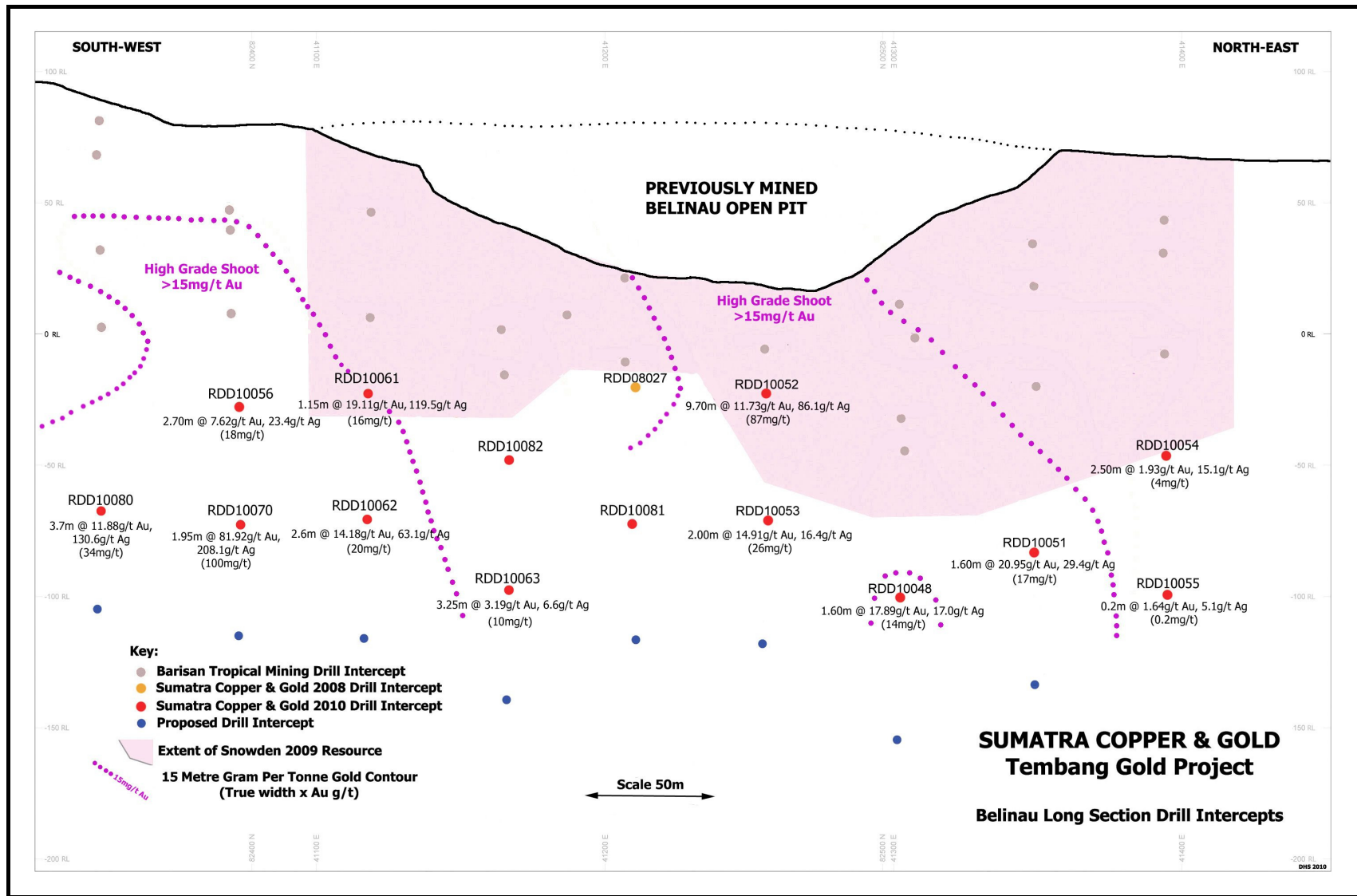
A total of 179 kilograms of large diameter, PQ, drill core sample was dispatched for beneficiation test work to Australian Metallurgical & Mineral Testing Consultants (AMMTEC) in Perth. These samples were from Berenai where the majority of the halo mineralisation has been mapped. The Company's consultant metallurgist will coordinate the testwork over the coming months.



Conceptual Model of Tembang Epithermal System



Section through Berenai Showing Drill Pierce Points



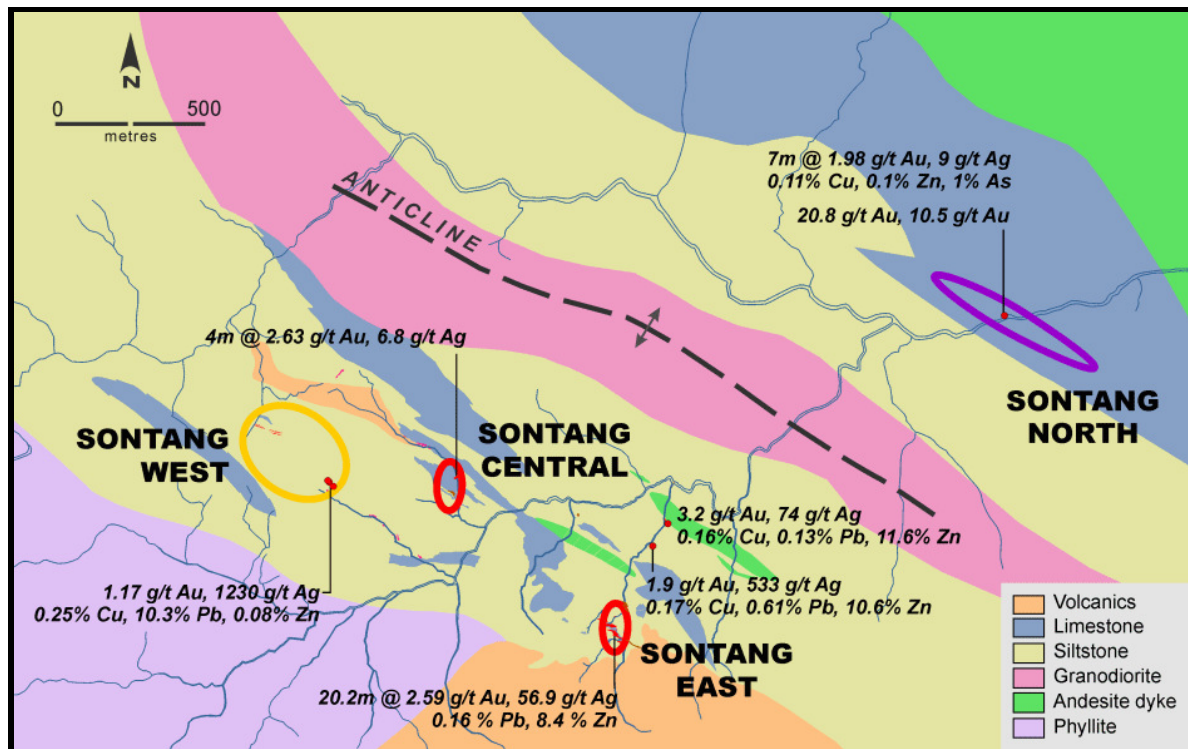
Section through Belinau Showing Drill Pierce Points

2.2 Sontang

The Sontang project lies within the Pasaman IUP in the province of West Sumatra, some 160 kilometres north of Padang. Sontang comprises the virgin discovery of a high-grade polymetallic manto, made by the Company's geologists in ground previously explored by other companies. The Company's geologists followed up a float train discovered in drainage and located outcrops of massive base-metal sulphides.

Full assay results have now been received for two recently discovered massive sulphide outcrops in the Sontang river returning up to 7.0 metres @ 1.98 g/t Au, 9.0 g/t Ag, 0.11% Cu, and >1 % As and 0.98 g/t Au, 2.4 g/t Ag, 0.18% Cu and 0.4% As. The two outcrops are approximately 250 metres apart hosted in prospective limestone. Exploration work is ongoing to trace these outcrops along strike. One float sample of massive sulphide north of these outcrops returned 10.50 g/t Au, 40.6 g/t Ag, 0.43% Cu and 4.3% As.

A recent review by an experienced geological consultant continued to highlight this area at North Sontang where previous assay results up to 20.80 g/t Au have been returned from rock chip samples. This appears to be a separate parallel structure to the previously identified occurrences at Sontang East, Sontang Central and Sontang West.



Sontang Target Areas

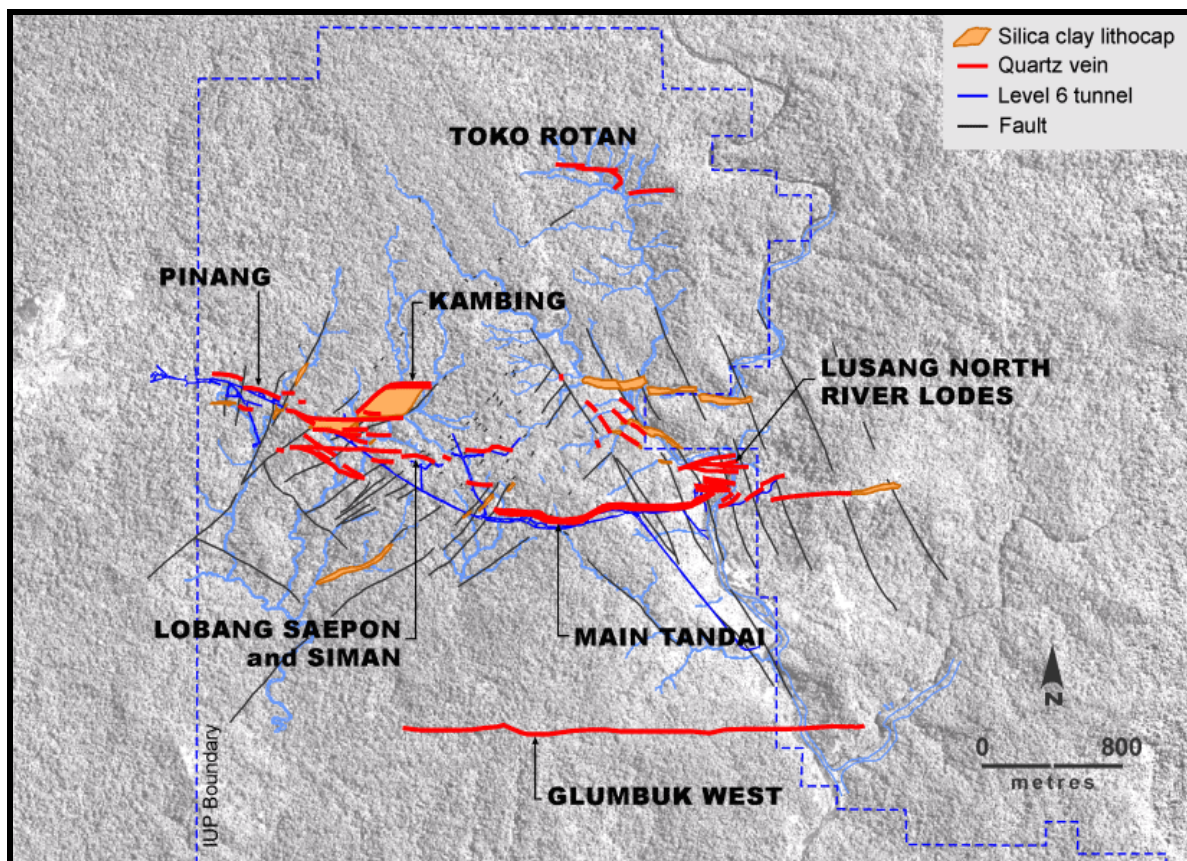
Plans for drilling the high grade mantos at East, Central and West Sontang are well advanced. The process to obtain Forestry clearance is in hand and, when received, will enable drilling to commence.

2.3 Tandai

The Tandai project is located within the northern part of the Bengkulu Utara IUP, in the Kabupaten of Bengkulu Utara, approximately 100 kilometres north of Bengkulu. Tandai has a long history of formal mining from the early part of the 20th Century until post World War II. The Company's tenements control a district in which at least three Dutch companies worked portions of the system. The old Dutch mining town at Tandai still remains, and was re-furbished by PT Lusang Mining Ltd (in a joint venture with CSR, then Billiton) when the mine was redeveloped and worked between 1985 and 1995.

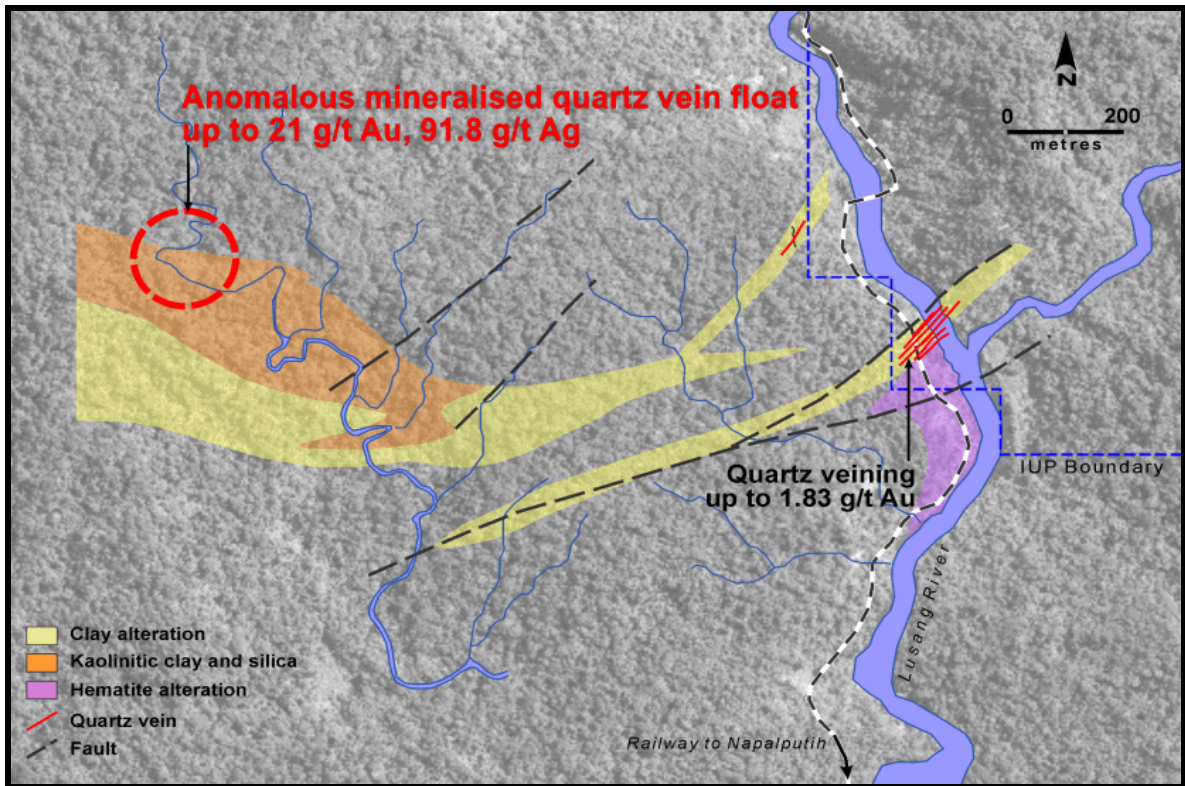
During the quarter the Company's activities have been both in the field and in Holland where the archives are being researched by a team of post graduate students supervised by a consulting geologist who has worked in the field at Tandai. Both of these activities have upgraded the project's potential, and the Company expects new drill targets to be identified during 2010.

Field work activities have focused on the Glumbuk area and include geological reconnaissance mapping, rock chip sampling and ridge and spur soil geochemistry. Specific emphasis has been on the location of the high grade float in Sungai Landai. Promising outcrops have been located approximately 600 metres northwest of the float and are being investigated. Spot high Au (up to 0.65 ppm) and widespread As in-soil anomalies have been returned and these will be investigated in the next quarter.



Glumbuk Veins, Assay Highlights and Alteration

Mapping has now identified a further set of veining along the railway access tunnel in Glumbuk some of which is the focus of artisanal mining activity. Promising assay results up to 1.83 g/t Au have been returned from quartz veins and vein breccias. This demonstrates the corridor of auriferous veining that of the Glumbuk structure is wider and more persistent into the Company's ground than was previously thought.

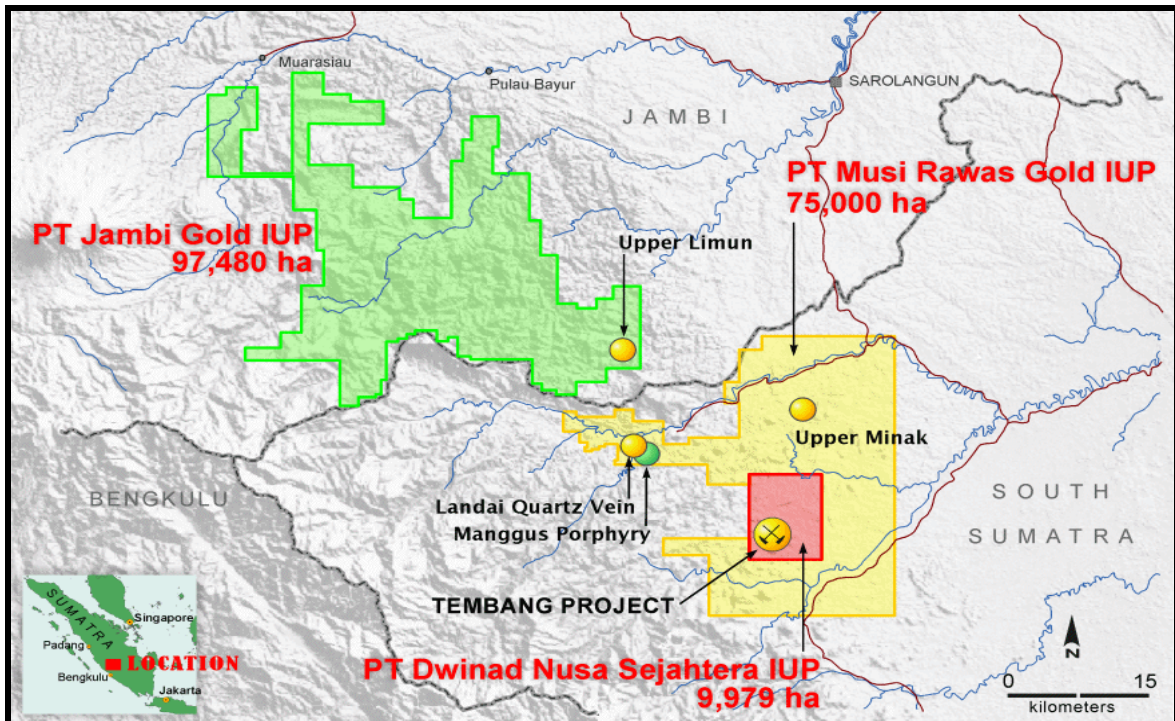


Glumbuk Alteration and Rock Assay Highlights

2.4 Musi Rawas/Jambi IUP

Exploration activities commenced in early May at the Musi Rawas IUP which surrounds the Dwinad IUP (Tembang). Exploration work was focused on following up previous vein-style prospects outlined by BTM's prospective areas at Manggus/Landai and the Upper Minak.

At Upper Minak a grab sample taken from a quartz vein returned high grade gold of 14.3 g/t Au. This area will be followed up as a high priority in the next quarter.



Rawas-Jambi Tenements and Prospect Locations

2.5 Jambi

An initial field trip to the Jambi IUP was carried out in June 2010. Semi regional drainage sampling was conducted in the Upper Limun drainage. Results are pending but mineralised rock samples were discovered in the streams including highly silicified boulders and gossanous silica (ex massive sulphide). This is an encouraging start to exploration in this area.

3. OTHER

The information in this report that relates to Exploration Results, Mineral Resources or Ore Reserves is based on information compiled by Matthew Farmer, geologist, who is a Member of the Australasian Institute of Mining and Metallurgy. Matthew Farmer is an employee of the Company who has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Matthew Farmer has consented to the inclusion in this report of the matters based on his information in the form and context in which they appear.

For further information, please contact Warwick Morris, Peter Nightingale or Richard Edwards on (61 2) 9300 3377.

Yours sincerely



Warwick G. Morris
Chairman

pjn5451