



29 April 2010

The Manager Companies  
ASX Limited  
20 Bridge Street  
Sydney NSW 2000

(11 pages by email)

Dear Madam

**REPORT ON ACTIVITIES FOR THE QUARTER ENDED  
31 MARCH 2010**

**HIGHLIGHTS**

- **Further discoveries of significant high grade massive sulphide mineralisation at Sontang.**
- **Drilling continues to intersect high grade at the Belinau Prospect, Tembang project.**
- **Issue of 6 Exploration IUPs to the Company and related parties.**
- **Total area secured under issued IUPs is 3,171 km<sup>2</sup>.**

**1. OPERATIONS**

**1.1 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 km<sup>2</sup> over and around the old mine site.

Work this quarter has been focused on drilling activities to upgrade the current resource as well as mapping of the halo mineralisation to integrate into a new 3-D model due at the end of the third quarter this year.

***Mapping and Modelling***

Field mapping of the halo quartz veins is being undertaken 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 this year.

The results of the mapping at the Berenai Pit indicate four vein sets trending NNW, NW, E and NE. The highest gold results (22.3 g/t Au) were returned from NNW trending veins but Au >5 g/t also occurs in the NE and E trending sets.

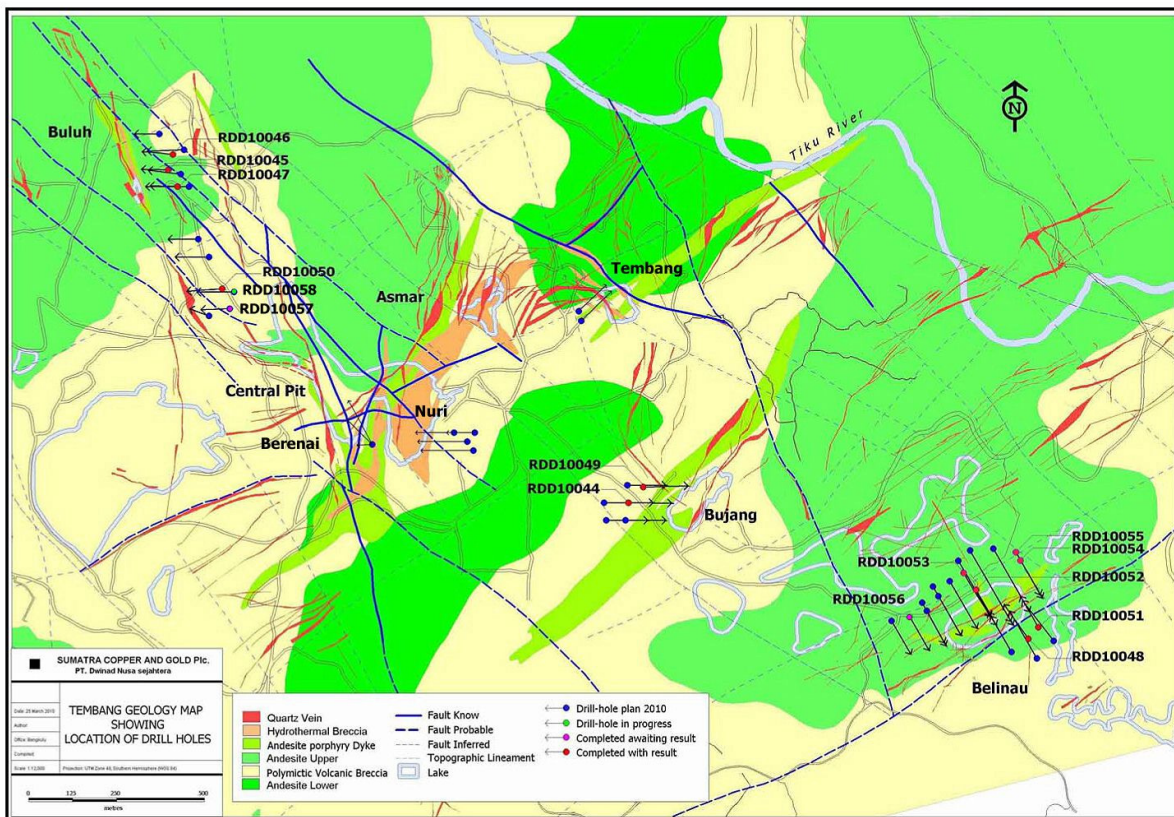
Recent high grade intersections at Belinau (see section below) which is topographically the lowest deposit (from +50 to -100m RL) indicate that this level could be a productive part of the epithermal vein system. This suggests exploration potential at depth below the largest deposit, Berenai, which has mostly been drilled from (+125 to -75m RL). Other vein systems may also have potential at depth throughout the district.

**Drilling**

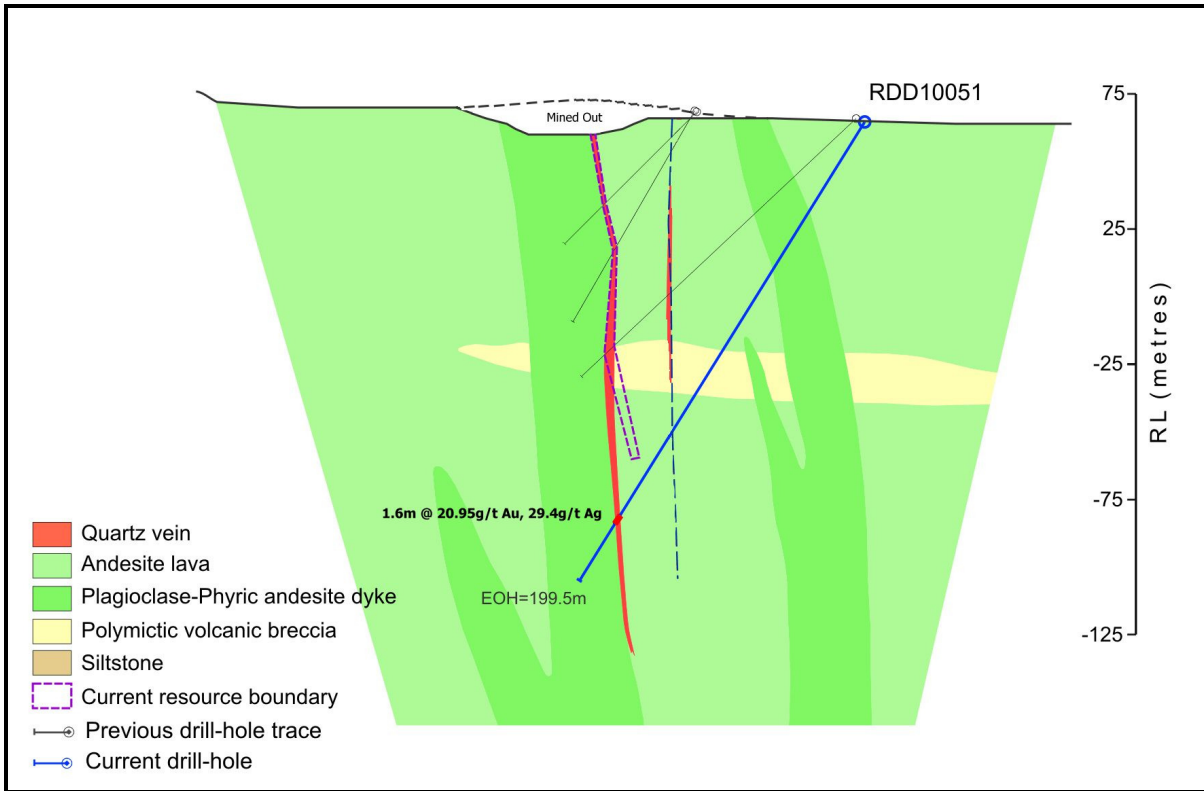
A total of 14 holes have been completed during the current program of diamond drilling designed to test the down dip extensions of the higher grade vein systems at Buluh, Bujang and Belinau.

Whilst results from Buluh and Bujang have been broadly in line with expectations, drilling at Belinau has located significant high grade mineralisation with drilling on the first 50 metre step out. Seven holes have been completed with results received for six holes. Results are tabulated below.

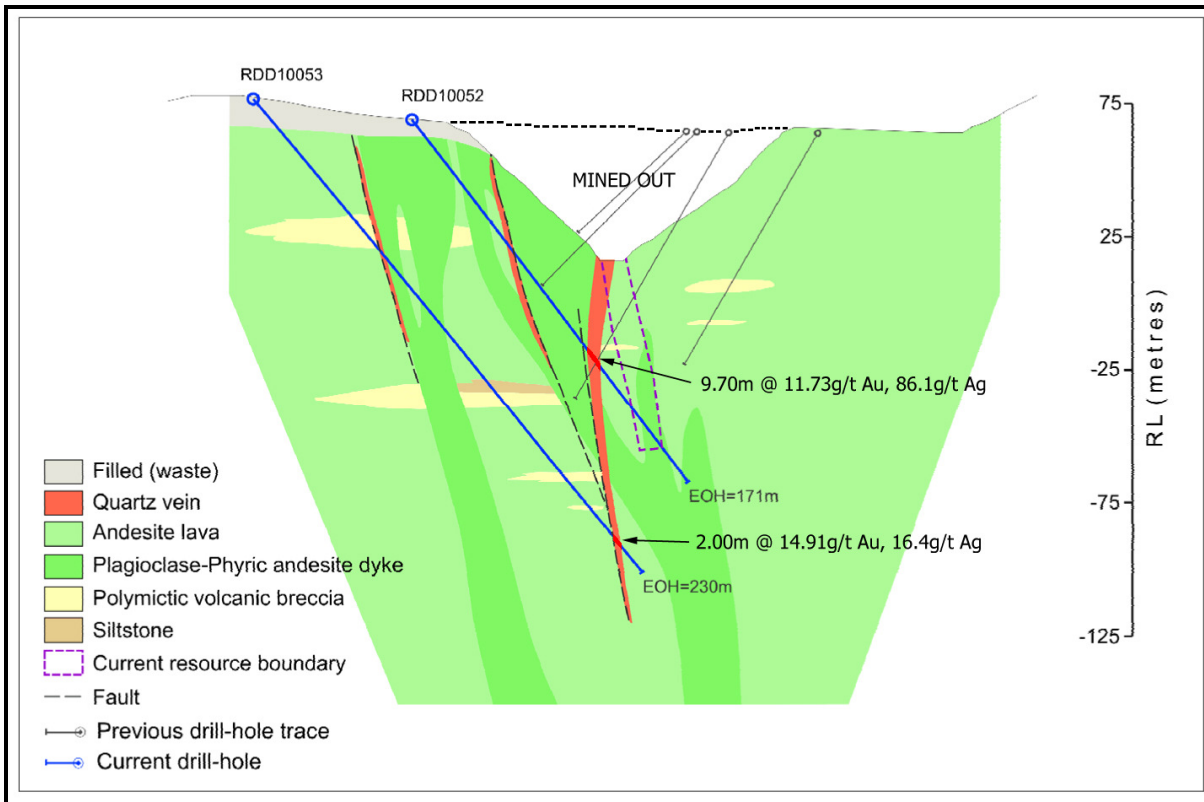
The results plotted on a long section together with all drill pierce points of the Belinau ore zone clearly indicates the presence of two high grade shoots delineated by the 15 gram metres (true width multiplied by the grade). Further drilling is planned to define the extents of these high grade zones.



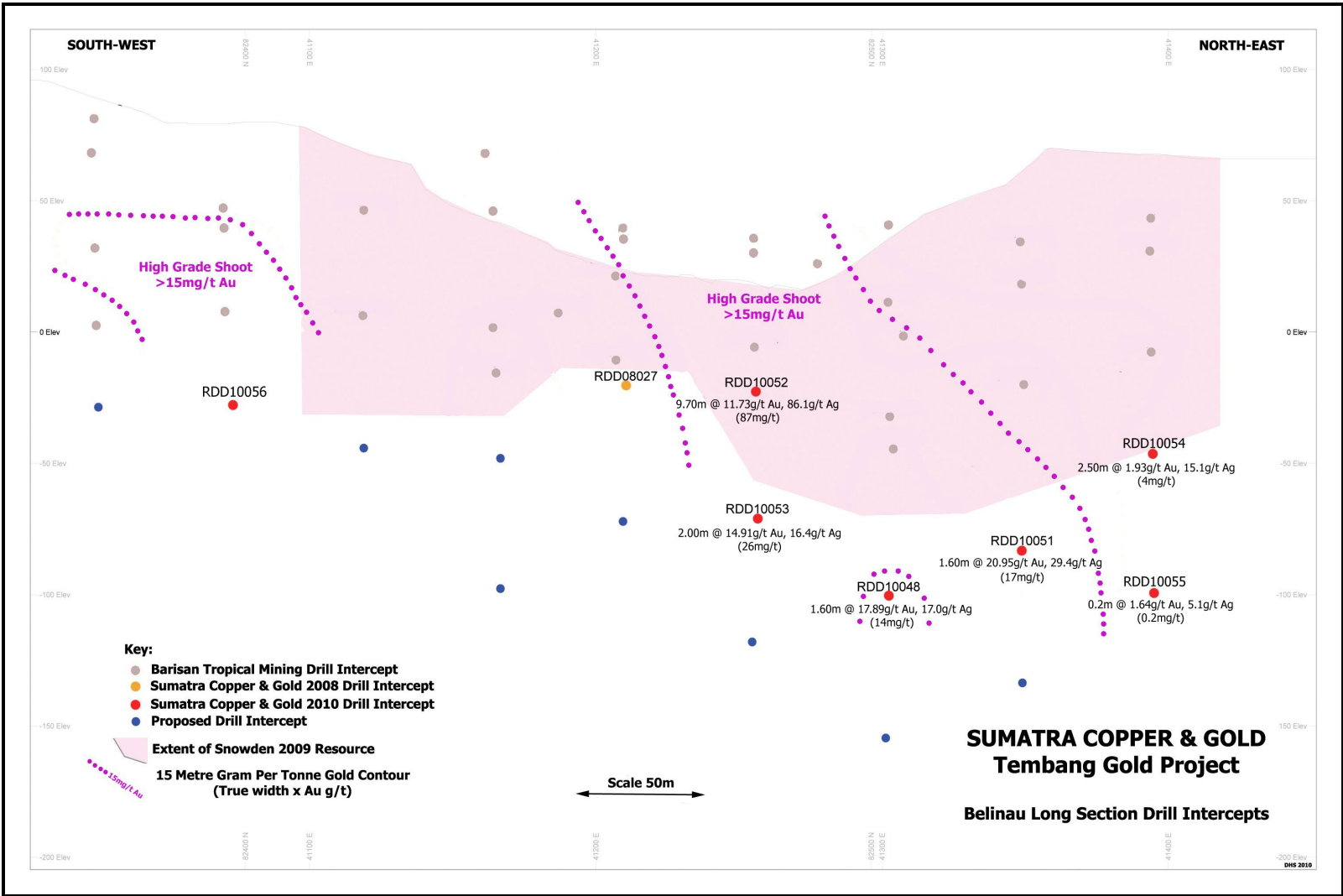
**Plan of Tembang Drilling Program**



**Section through Belinau hole RDD10051**



**Section through Belinau holes RDD10052 and RDD10053**



Long Section through Belinau showing Drill Pierce Points with Results Tabulation

The first results were also received from drilling at South Buluh. The intersection of the main vein in hole RDD10050 returned 4.65 metres @ 1.57 g/t Au, 40.2 g/t Ag at a depth of 143.4 metres. This result indicates that potential still remains at depth within the main vein at South Buluh. Two more holes are to be drilled at Buluh South to further test the main veins and to obtain metallurgical test samples of halo material.

<b>Tembang 2010 Resource Drilling – Significant Intercepts Au &gt;0.35g/t</b>							
<b>Hole No</b>	<b>Location</b>	<b>Type</b>	<b>From</b>	<b>To</b>	<b>Length</b>	<b>Au g/t</b>	<b>Ag g/t</b>
RDD10044	Bujang	Halo	149.85	153.00	<b>3.15</b>	<b>0.81</b>	<b>28.5</b>
RDD10044	Bujang	Halo	165.40	166.40	<b>1.00</b>	<b>0.47</b>	<b>3.1</b>
RDD10044	Bujang	Vein	213.00	214.10	<b>1.10</b>	<b>2.02</b>	<b>4.9</b>
RDD10044	Bujang	Vein	223.30	224.35	<b>1.05</b>	<b>1.01</b>	<b>3.2</b>
RDD10045	N. Buluh	Halo	4.60	7.90	<b>3.30</b>	<b>1.01</b>	<b>6.3</b>
RDD10045	N. Buluh	Halo	12.60	13.60	<b>1.00</b>	<b>2.08</b>	<b>6.4</b>
RDD10045	N. Buluh	Vein	144.60	149.15	<b>4.55</b>	<b>3.56</b>	<b>106.3</b>
RDD10046	N. Buluh	Vein	123.70	125.20	<b>1.50</b>	<b>0.60</b>	<b>11.8</b>
RDD10046	N. Buluh	Vein	153.05	154.70	<b>1.65</b>	<b>BARREN</b>	
RDD10047	N. Buluh	Halo	13.00	14.00	<b>1.00</b>	<b>0.41</b>	<b>37.0</b>
RDD10047	N. Buluh	Halo	17.00	20.00	<b>3.00</b>	<b>0.42</b>	<b>5.8</b>
RDD10047	N. Buluh	Halo	26.00	29.60	<b>3.60</b>	<b>1.06</b>	<b>2.4</b>
RDD10047	N. Buluh	Halo	66.90	67.90	<b>1.00</b>	<b>1.50</b>	<b>26.2</b>
RDD10047	N. Buluh	Vein	173.45	175.05	<b>1.60</b>	<b>1.30</b>	<b>3.9</b>
RDD10048	Belinau	Halo	34.80	35.80	<b>1.00</b>	<b>2.00</b>	<b>1.3</b>
RDD10048	Belinau	Vein	125.00	129.30	<b>4.30</b>	<b>3.55</b>	<b>6.0</b>
RDD10048	Belinau	Vein	196.30	197.90	<b>1.60</b>	<b>17.89</b>	<b>17.0</b>
RDD10049	Bujang	Halo	29.00	31.00	<b>2.00</b>	<b>0.43</b>	<b>7.6</b>
RDD10049	Bujang	Halo	147.00	148.00	<b>1.00</b>	<b>0.67</b>	<b>38.0</b>
RDD10049	Bujang	Vein	175.30	177.40	<b>2.10</b>	<b>0.38</b>	<b>5.4</b>
RDD10049	Bujang	Vein	183.20	189.00	<b>5.80</b>	<b>1.61</b>	<b>7.6</b>
RDD10049	Bujang	Halo	195.00	196.00	<b>1.00</b>	<b>0.76</b>	<b>2.5</b>
RDD10050	S. Buluh	Vein	143.40	148.05	<b>4.65</b>	<b>1.57</b>	<b>40.2</b>
RDD10051	Belinau	Vein	172.80	174.40	<b>1.60</b>	<b>20.95</b>	<b>29.4</b>
RDD10052	Belinau	Vein	57.70	60.70	<b>3.00</b>	<b>2.00</b>	<b>10.6</b>
RDD10052	Belinau	Halo	64.10	65.10	<b>1.00</b>	<b>8.65</b>	<b>7.3</b>
RDD10052	Belinau	Vein	110.00	119.70	<b>9.70</b>	<b>11.73</b>	<b>86.1</b>
RDD10053	Belinau	Halo	74.70	77.70	<b>3.00</b>	<b>0.60</b>	<b>5.7</b>
RDD10053	Belinau	Vein	215.80	217.80	<b>2.00</b>	<b>14.91</b>	<b>16.4</b>
RDD10054	Belinau	Vein	144.60	147.10	<b>2.50</b>	<b>1.93</b>	<b>15.1</b>
RDD10055	Belinau	Vein	246.85	247.05	<b>0.20</b>	<b>1.64</b>	<b>5.1</b>

**Significant Apparent Width Intersections as of 12th April 2010**

## 1.2 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.

Exploration activity at Sontang during the first quarter of 2010 has focused on tracing mineralisation from Sontang East north-westwards to the Sontang Central and Sontang West prospects with a program of ridge and spur soil sampling at 25 metre intervals. The geochemistry has been undertaken in conjunction with surface mapping. Two new outcrops were located within Sontang Central, one a gossanous massive sulphide mineralisation in meta-sediments, the second of jasperoidal silica mineralisation. Results from the new massive sulphide outcrop at Sontang Central returned **10 metres (8.5 metres true width) @ 0.14 g/t Au, 765 g/t Ag, 8.3% Pb and 1.78% Zn.**

The more than 4 metre wide zone of dark grey, cryptocrystalline, jasperoidal silica exposed in the creek to the north of the gossan was sampled over the available outcrop and returned values of 2.63 g/t Au and 6.75 g/t Ag over a 4 metre interval. The outcrop lies on the edge of a NW-SE trending, 1,000 metre by 200 metre Au soil anomaly, which has been delineated at +25 ppb and +50 ppb Au contour levels and is strongly associated with the limestone complex.

Results from ridge and spur soil sampling have outlined a significant copper-arsenic soil anomaly, marked above +110 ppm Cu (maximum 420 ppm Cu) and +140 ppm As (maximum 4,020 ppm As), that is at least 400 metres by 400 metres in size, at Sontang West. The anomaly coincides with a number of intense silica-clay altered porphyritic dioritic intrusives noted in the first pass mapping and indicates a potential for high or intermediate sulphidation styles of mineralisation.

Work at Sontang is continuing with further soil sampling, mapping and sampling of exposures. It is hoped that drilling on the massive sulphide bodies already identified will commence before the fourth quarter of 2010.

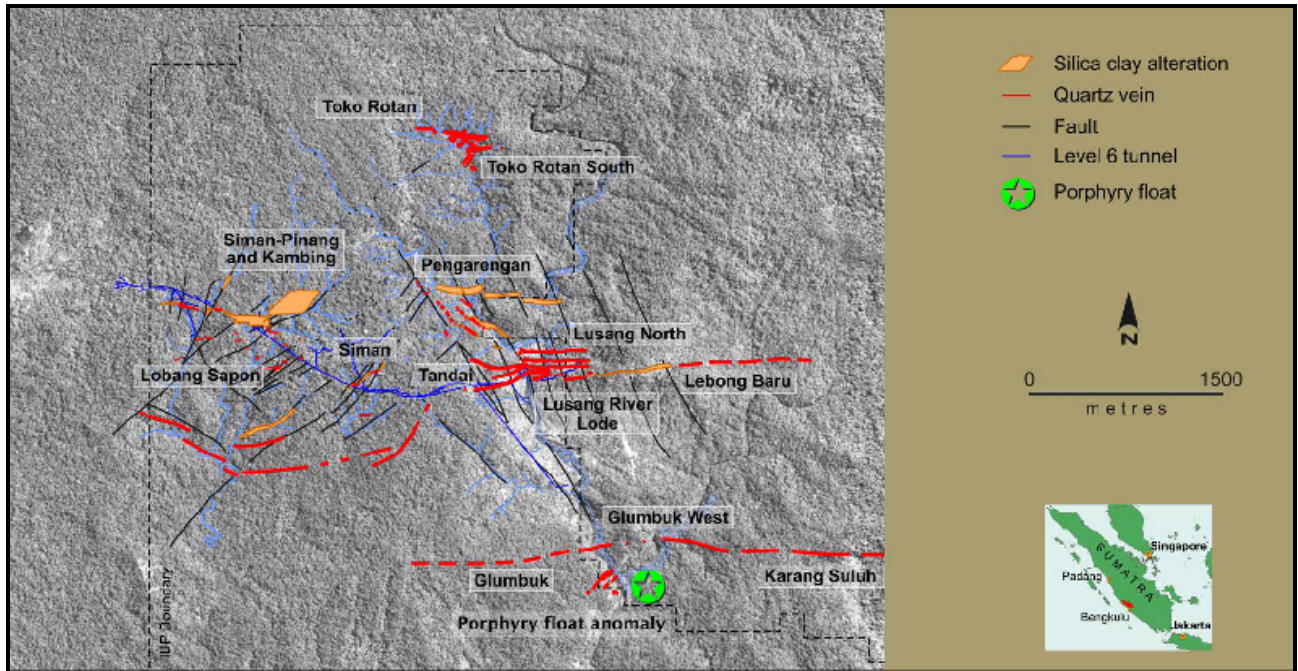
## 1.3 Tandai

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 reporting period 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 been restricted to geological reconnaissance mapping, rock chip sampling and soil geochemistry in two key areas. Firstly, exploration of the 3 kilometre long Glumbuk structure, in particular tracing it westwards where it is buried with little surface expression, though topography and alteration would suggest its presence.

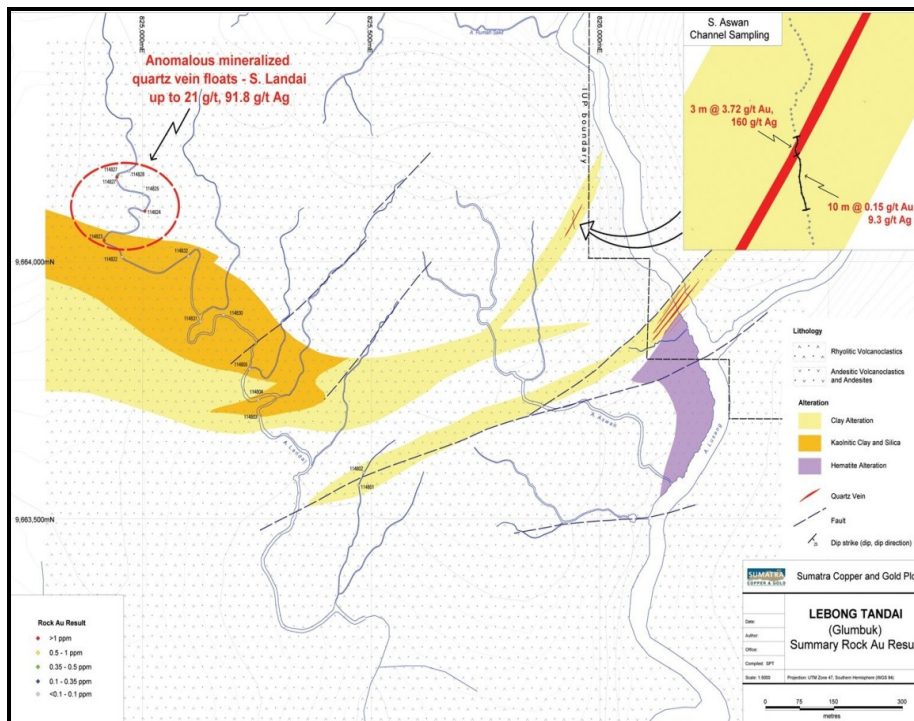




### Tandai Veins showing location of Glumbuk to the South

Surface mapping of alteration has confirmed the westward continuation of the Glumbuk structure, even though it has little surface expression. Clay-silica alteration has so far been traced for a distance of some 1.5 kilometres. The zone of alteration is thought to indicate the continuation of epithermal mineralisation beneath a cover of less receptive sedimentary host rocks.

Float samples of quartz veins collected from the Sungai Landai drainage to the immediate north of the Glumbuk structure returned a best result of 21.0 g/t Au and 91.8 g/t Ag. In addition, channel sampling of a quartz vein in the hanging wall to the Glumbuk system exposed near the Sungai Aswan drainage gave 3 metres @ 3.72 g/t Au and 160 g/t Ag. Although exploration has only just started, these results are already encouraging.



### Glumbuk

Results from a program of follow up hand auguring were received over the Siman-Pinang grid soil anomaly. The intent of the program was to determine if the extensive soil anomaly is indeed associated with underlying bedrock mineralisation or the result of colluvial or contamination by old mine spoils. The results indicate that some of the anomaly is related to artisanal mining and contamination. However the anomaly broadly mantles east-west trending veins and work will continue to better define the veining in this area.

#### **1.4 Other Tenements**

During the quarter exploration work was confined to the Tembang, Sontang and Tandai projects as described above.

## **2. CORPORATE ACTIVITIES**

### **2.1 Indonesian Tenements – Issue of 6 Exploration IUPs**

During the quarter, 6 Exploration IUPs (Izin Usaha Pertambangan) were granted to the Company (and related parties) making a total of 7 Exploration IUPs covering more than 3,000 km<sup>2</sup> which have been granted in accordance with the 'grandfathering provisions' of the new Indonesian Mining Law promulgated on 12 January 2009.

The Exploration IUPs give the Company the right to complete its exploration programs and, subject to positive feasibility studies, are convertible into Production IUPs for an initial period of 20 years and extendable for a further 20 years (by way of two 10 year extension periods).

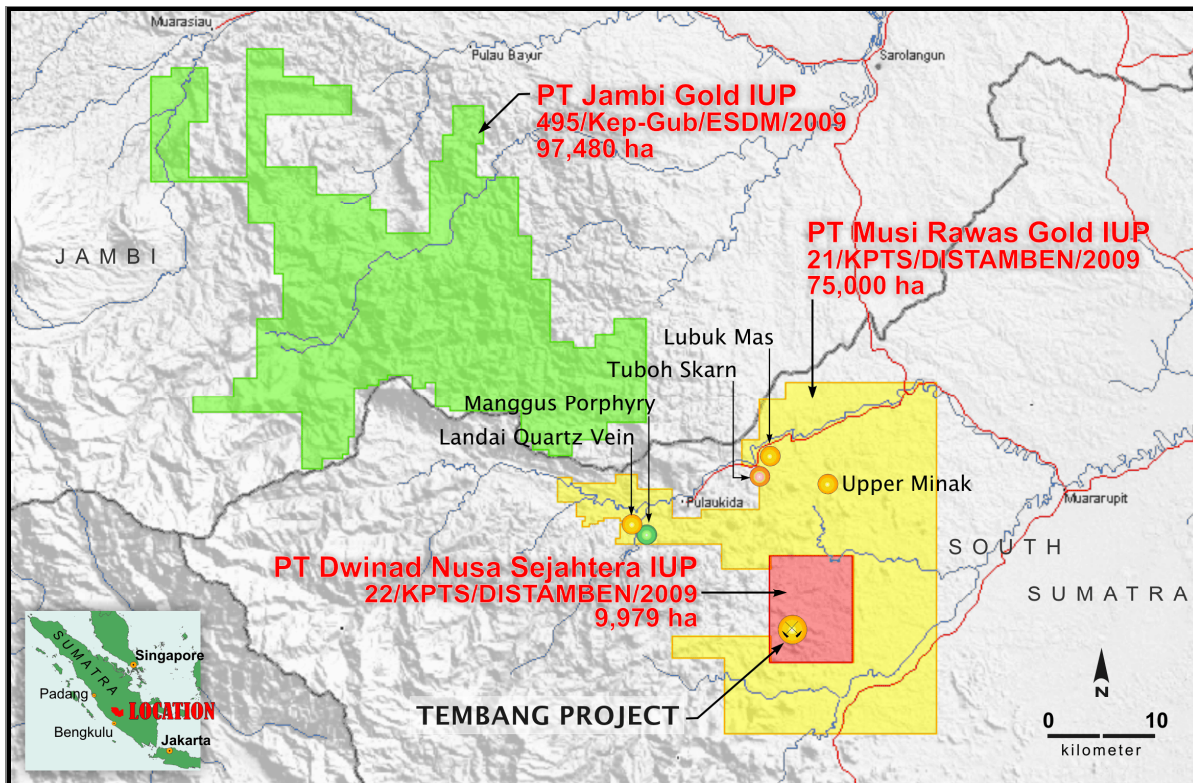
#### ***Musi Rawas IUPs (Tembang Project)***

Two IUPs have been granted by the Bupati (Regent) of Musi Rawas regency in the province of South Sumatra.

One Musi Rawas IUP (22/KPS/DISTAMBEN/2009) which covers 9,979 hectares (99.8 km<sup>2</sup>), was issued to PT Dwinad Nusa Sejahtera (Dwinad), a company owned by Sumatra Copper & Gold's Indonesian partner, Adi Adriansyah Sjoekri, and in which under a Co-Operation Agreement Sumatra Copper & Gold has a 92.5% economic interest. This IUP, which has a validity of 4 years, covers the Company's Tembang project with reported JORC compliant resources of 1.6 million ounces gold and 19.8 million ounces silver as described in the Tembang Project Update announcement to the ASX on 20 November 2009.

The second Musi Rawas IUP (21/KPTS/DISTAMBEN/2009) which covers an area of 75,000 hectares (750 km<sup>2</sup>), was issued to PT Musi Rawas Gold, a PMA company whose shareholders are Sumatra Copper & Gold (92.5%) and PT Nusa Palapa Minerals (7.5%), owned by Adi Adriansyah Sjoekri. This IUP has a validity of 8 years and abuts the Dwinad IUP's north, east and south boundaries. It includes known gold prospects at Lubuk Mas, Upper Minak and Landai, a skarn at Tuboh and a porphyry showing at Manggus.





**Musi Rawas and Jambi IUPs Location Map**

***Jambi IUP (Jambi Prospect)***

Issued by the Governor of Jambi province, the Jambi province IUP (495/Kep-Gub/ESDM/2009) which covers 97,480 hectares (975 km<sup>2</sup>), was issued to PT Jambi Gold, another PMA company owned 92.5% by Sumatra Copper & Gold and 7.5% by PT Nusa Palapa Minerals. The Jambi IUP, which has a validity of 7 years, covers the Company's Jambi prospect, a greenfields prospect containing a number of areas that are geochemically anomalous.

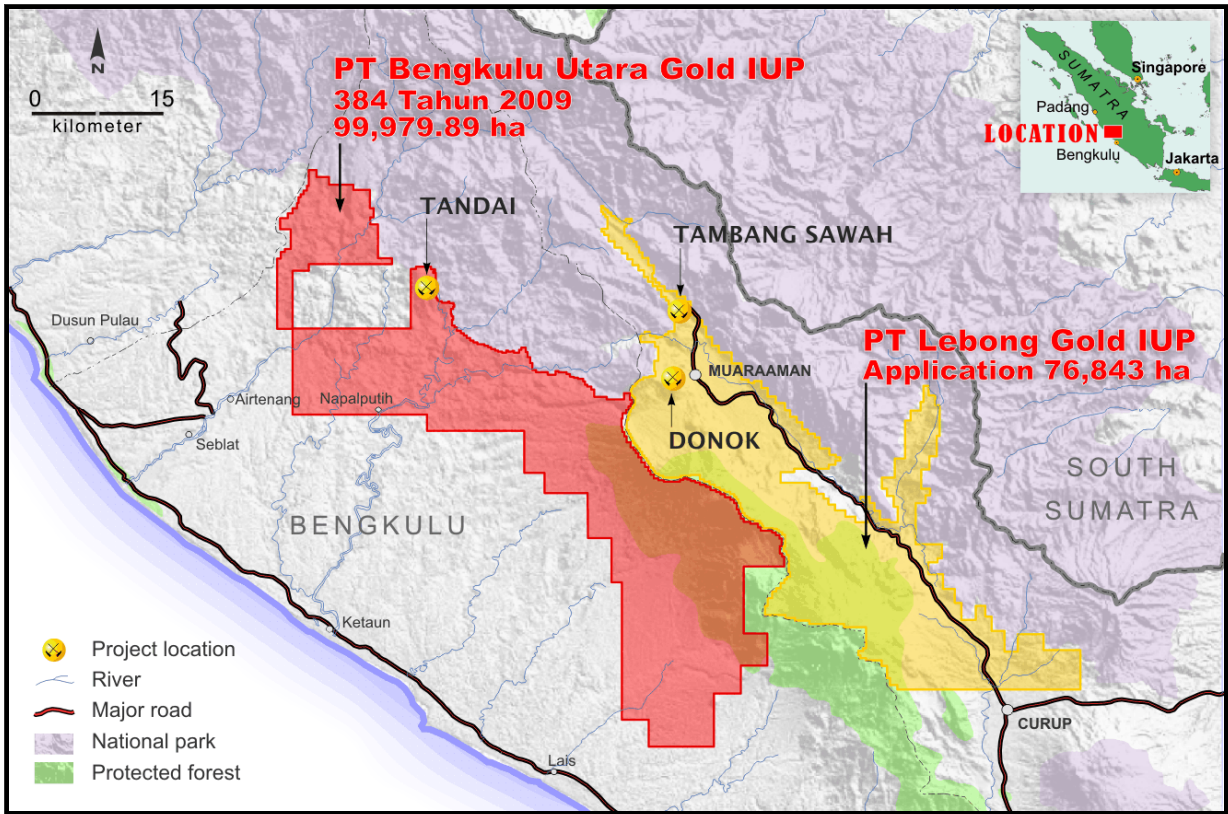
***Bengkulu Utara IUP (Lebong Tandai Project)***

One IUP (384 Tahun 2009) has been issued to PT Bengkulu Utara Gold by the Regent of Bengkulu Utara regency in the province of Bengkulu, Sumatra. It covers an area of approximately 99,980 hectares (1,000 km<sup>2</sup>) and is valid for 4 years extendable as an exploration IUP for a further 2 years and then convertible into a mining IUP initially valid for 20 years. PT Bengkulu Utara is a PMA company owned 92.5% by Sumatra Copper & Gold and 7.5% by PT Nusa Palapa Minerals, a company owned by Sumatra Copper & Gold's Indonesian partner, Mr Adi Sjoekri, and his family.

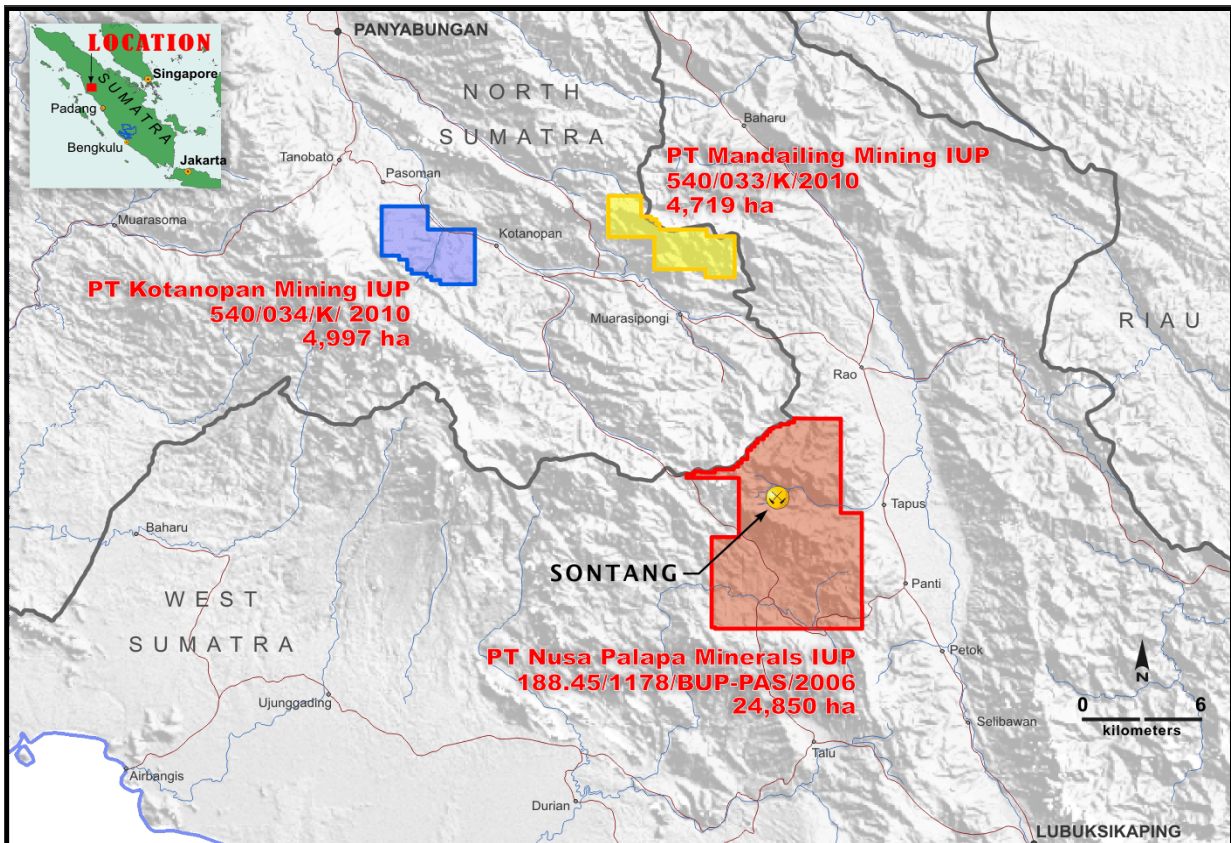
The principal prospect in this IUP is Lebong Tandai, a former Dutch underground mine that produced 1.4 million ounces of gold and 15 million ounces of silver.

***Mandailing Natal IUPs***

Two IUPs have been issued by the Regent of Mandailing Natal in the province of North Sumatra, Sumatra. One IUP (540/034/K/2010), issued to PT Kotanopan Mining, covers 4,997 hectares (50 km<sup>2</sup>) and the other (540/033/K/2010), issued to PT Mandailing Mining, covers 4,719 hectares (47 km<sup>2</sup>). Both are valid for 5 years and can be extended for a further 3 years. Both companies are owned by Sumatra Copper & Gold's Indonesian partner, Mr Adi Sjoekri and his family, however, through a Cooperation Agreement Sumatra Copper & Gold's economic interest in both tenements is 92.5%.



Location of the Bengkulu Utara IUP



Location of the Mandailing Natal IUPs

With the issue of these additional 6 IUPs the Company now has all of the ground, prospects and targets it held under the old mining regime, bar one, successfully converted into secure title under the new Minerals Act. This is a significant achievement and demonstrates that the new Indonesian Mining Law is functioning effectively, providing the Company with long term security of tenure and allays any concerns over title to these tenements.

### 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 Famer 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

pjn5354