



22 March 2010

The Manager Companies
ASX Limited
20 Bridge Street
Sydney NSW 2000

(5 pages by email)

Dear Madam

TEMBANG PROJECT UPDATE

- **Further high grade drill intercept at Belinau**
- **Remaining potential at South Buluh**
- **Underground mining potential suggested by latest results**

Tembang Drilling Update

The Tembang project is located approximately 120 kilometres north-northeast of Bengkulu in South Sumatra province. Tembang is a large intermediate-sulphidation epithermal deposit comprising gold-silver bearing quartz veins hosted by Tertiary volcanics. The Company has rights to two IUPs totalling an area of some 850 km² over and around the former Rawas mine that operated between 1997 and 2000.

A total of 11 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. 5 holes have been completed so far with one in progress. Results have now been received for the second Belinau hole, RDD10051, which yielded 20.95 g/t Au, 29.4 g/t Ag over a length of 1.6 metres from 172.8 metres down the hole. This second hole is collared some 50 metres northeast of hole RDD10048, reported previously, that gave an intersection on the main vein of 1.6 metres @ 17.89 g/t Au, 17.0 g/t Ag at a depth of 196.3 metres.

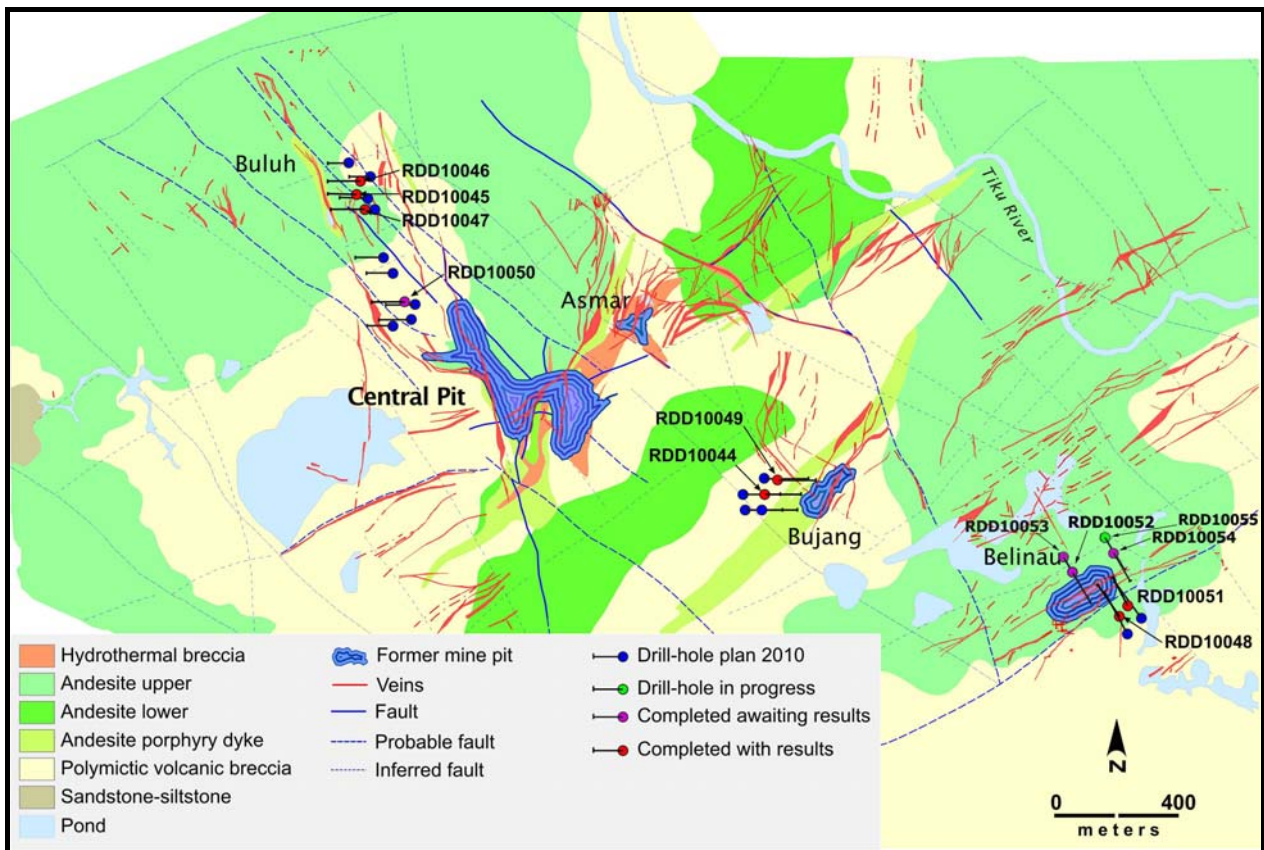
The long section depicted below shows all the drill pierce points and intercepts at Belinau. It also provides an illustration of the high grade zones encountered with contouring at 10 gram metres and 20 gram metres (true width multiplied by the grade).

Drilling is now concentrating on defining the extents of the high grade zone at Belinau. The hole now in progress is looking to intersect 50 metres further along strike northeast of hole RDD10051.

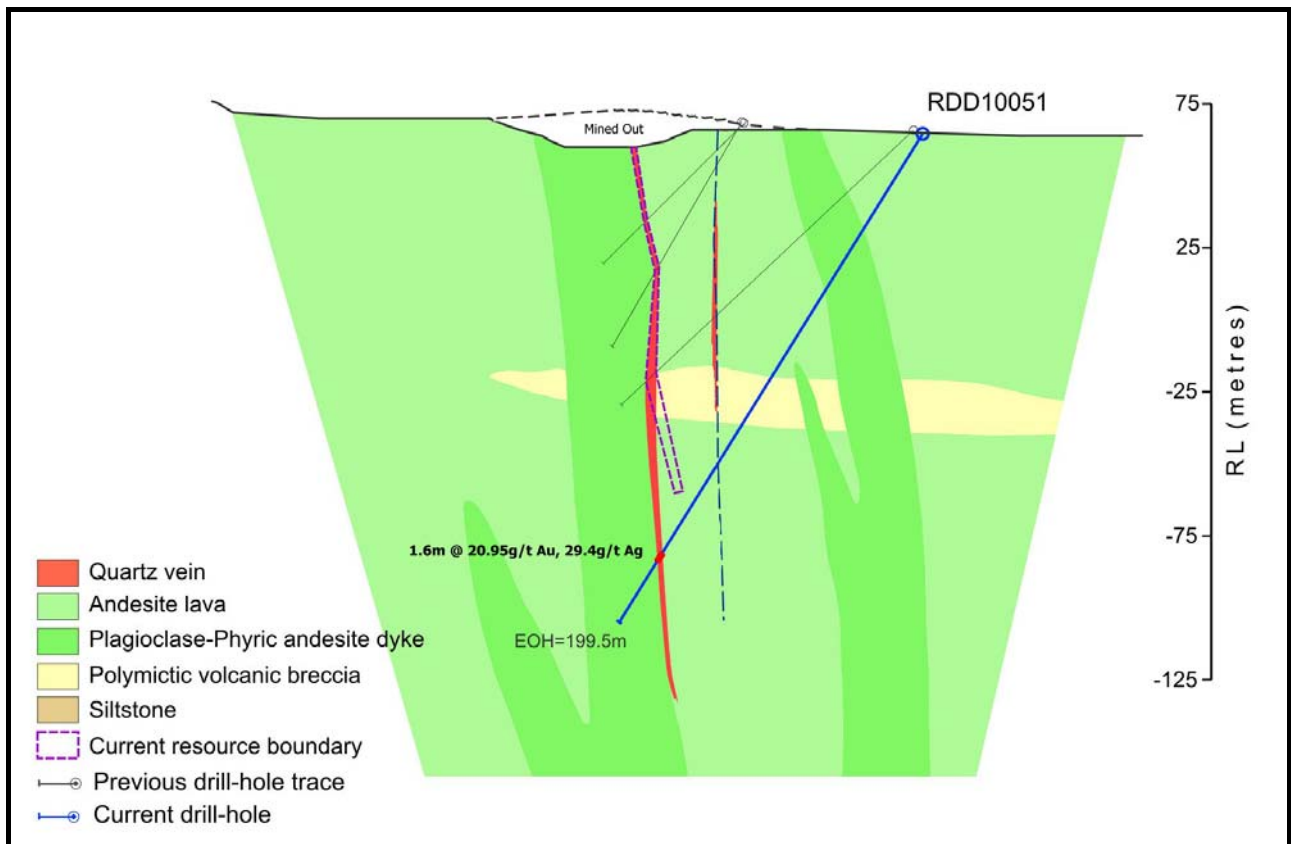
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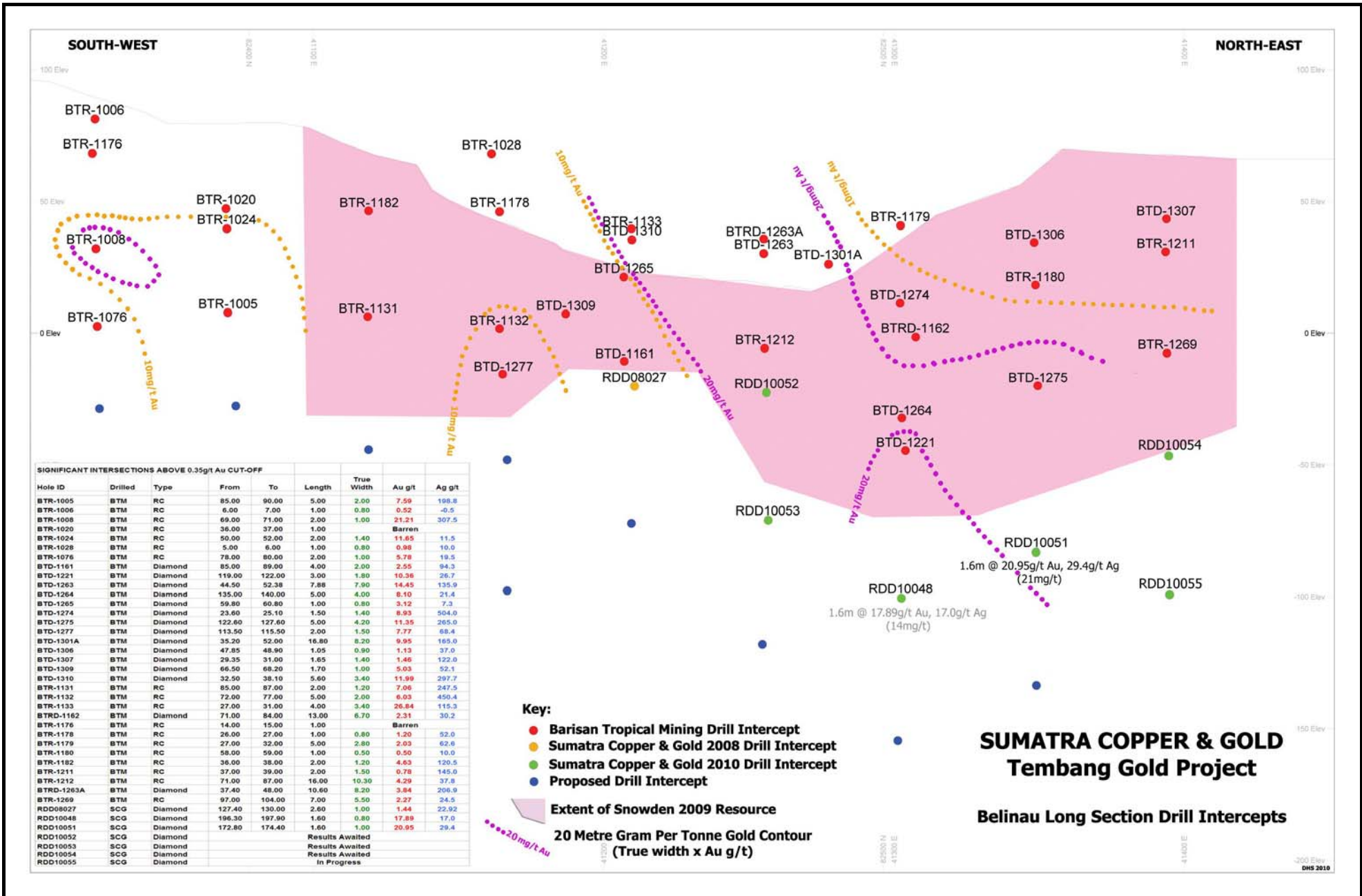
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Plan of Tembang Drilling Program



Section through Belinau hole RDD10051



Long Section through Belinau showing Drill Pierce Points with Results Tabulation

In addition to the result from Belinau, we now have the first result from drilling at South Buluh. The intersection of the main vein in hole RDD10050 gave 4.65 metres @ 1.57 g/t Au, 40.2 g/t Ag at a depth of 143.4 metres. This result would indicate that potential still remains at depth within the main vein at South Buluh.

Tembang 2010 Resource Drilling Significant Intersections Au >0.35g/t

Hole No	Location	Type	From	To	Length	Au g/t	Ag g/t
RDD10044	Bujang	Halo	149.85	153.00	3.15	0.81	28.5
RDD10044	Bujang	Halo	165.40	166.40	1.00	0.47	3.1
RDD10044	Bujang	Vein	213.00	214.10	1.10	2.02	4.9
RDD10044	Bujang	Vein	223.30	224.35	1.05	1.01	3.2
RDD10045	N. Buluh	Halo	4.60	7.90	3.30	1.01	6.3
RDD10045	N. Buluh	Halo	12.60	13.60	1.00	2.08	6.4
RDD10045	N. Buluh	Vein	144.60	149.15	4.55	3.56	106.3
RDD10046	N. Buluh	Vein	123.70	125.20	1.50	0.60	11.8
RDD10046	N. Buluh	Vein	153.05	154.70	1.65	BARREN	
RDD10047	N. Buluh	Halo	13.00	14.00	1.00	0.41	37.0
RDD10047	N. Buluh	Halo	17.00	20.00	3.00	0.42	5.8
RDD10047	N. Buluh	Halo	26.00	29.60	3.60	1.06	2.4
RDD10047	N. Buluh	Halo	66.90	67.90	1.00	1.50	26.2
RDD10047	N. Buluh	Vein	173.45	175.05	1.60	1.30	3.9
RDD10048	Belinau	Halo	34.80	35.80	1.00	2.00	1.3
RDD10048	Belinau	Vein	125.00	129.30	4.30	3.55	6.0
RDD10048	Belinau	Vein	196.30	197.90	1.60	17.89	17.0
RDD10049	Bujang	Halo	29.00	31.00	2.00	0.43	7.6
RDD10049	Bujang	Halo	147.00	148.00	1.00	0.67	38.0
RDD10049	Bujang	Vein	175.30	177.40	2.10	0.38	5.4
RDD10049	Bujang	Vein	183.20	189.00	5.80	1.61	7.6
RDD10049	Bujang	Halo	195.00	196.00	1.00	0.76	2.5
RDD10050	S. Buluh	Vein	143.40	148.05	4.65	1.57	40.2
RDD10051	Belinau	Vein	172.80	174.40	1.60	20.95	29.4

Significant Apparent Width Intersections as of 20 March 2010

Summary

Managing Director, Jocelyn Waller, comments: "Intersecting these high grades at Belinau will certainly upgrade Belinau as an ore source for the Tembang project. One can possibly envisage an underground mining operation in this area to sweeten the overall tenor of mill feed from open pits. We are continuing to drill in this area to define its size potential. We are also continuing to evaluate various development options."

Other

The information in this report that relates to Exploration Results, Mineral Resources or Ore Reserves is based on information compiled by David Stock, geologist, who is a Member of the Australasian Institute of Mining and Metallurgy. David Stock is a consultant to 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'. David Stock 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

A handwritten signature in blue ink, appearing to read 'W. Morris', is positioned above the typed name.

Warwick G. Morris
Chairman

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