



31 March 2011

The Manager Companies
ASX Limited
20 Bridge Street
Sydney NSW 2000

(3 pages by email)

FORMAL COMPLETION OF EXPLORATION JV WITH NEWCREST MINING

- **All formal processes completed including 70% vesting in operating entity**
- **First drill program at Tandai poised to start**
- **Newcrest's Tembang option not exercised**

The Transaction

Sumatra Copper & Gold plc (ASX: SUM, 'Sumatra' or 'the Company') is pleased to announce the formal completion of the joint venture arrangements with Newcrest Mining Limited ('Newcrest') in respect of PT Bengkulu Utara Gold ('PT BUG') and its 100,000 hectare exploration IUP located in the Bengkulu Utara regency of Bengkulu Province, Sumatra, Indonesia.

This transaction, which was announced on 18 August 2010, envisaged Newcrest Singapore (Tandai) Pte Ltd ('Newcrest Tandai'), a subsidiary of Newcrest, subscribing US\$1.75 million for new shares in PT BUG for a 70% interest on completion of the formal approvals required under Indonesian law. These included consents from the Regent of Bengkulu Utara regency, approval of the investment by the Capital Investment Coordinating Board ('BKPM') and sign-offs from the Ministry of Law and Human Rights. All these approvals have now been received and the shares have been subscribed for and issued. A shareholders' agreement governing the relationship between the parties and setting out the guiding principles for the operation of PT BUG has also been signed.

The US\$1.75 million subscription by Newcrest Tandai constitutes the minimum spend commitment by Newcrest over 18 months ('Minimum Spend Period'). The actual budget for the first exploration phase agreed by the parties, which became effective in November 2010, exceeds US\$2 million and the program is well under way. After the Minimum Spend Period, Newcrest may make further equity investments up to a total of US\$12 million to maintain a 70:30 ownership ratio of PT BUG. If Newcrest elects not to complete the full US\$12 million subscription over a 5 year period, Sumatra has the right to buy back Newcrest's 70% interest in PT BUG for a nominal consideration. During the Minimum Spend Period the project will continue to be managed by Sumatra and thereafter Newcrest can elect to take over the management role.

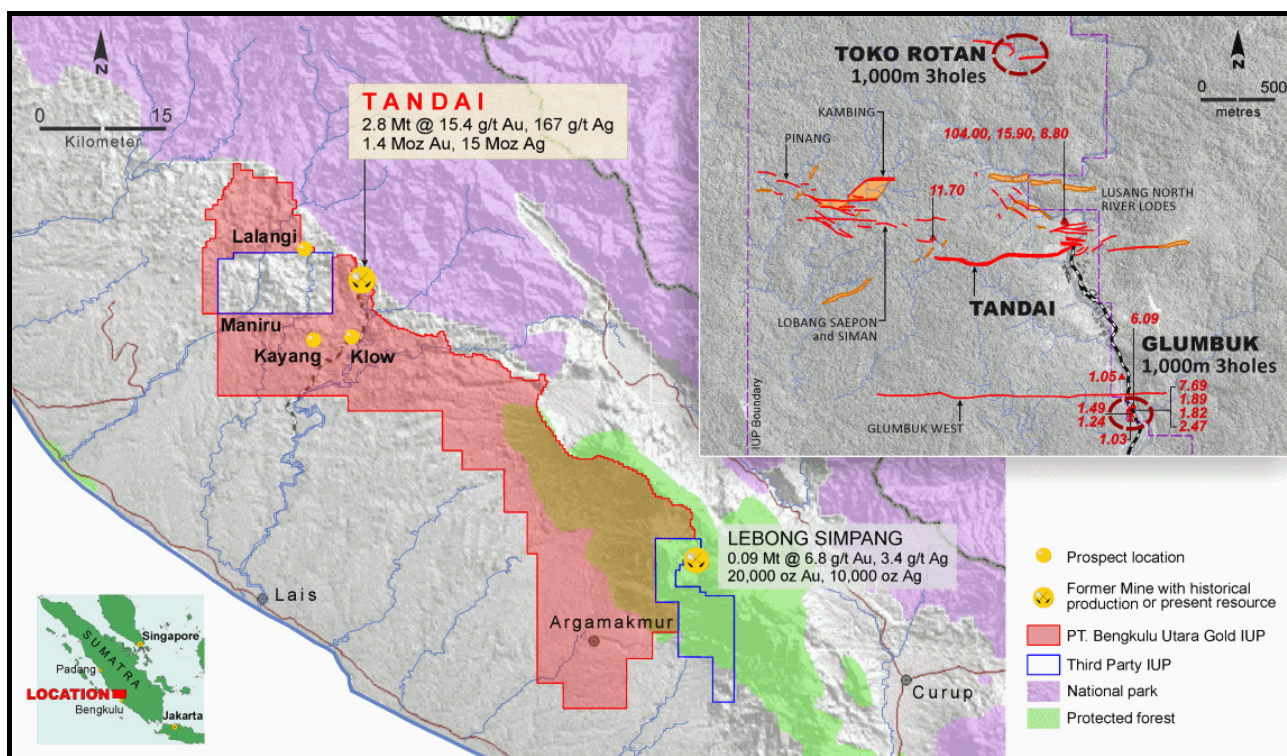
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Exploration Update

The Company has completed both drilling and helicopter agreements in preparation for the drilling program scheduled to start in April 2011. The first phase program of 4,000 metres is planned to test the Tandai Lode, Glumbuk and Toko Rotan. Drill sites have now been finalised for the previously undrilled Glumbuk and Toko Rotan vein breccia systems. Encouraging surface geochemistry in combination with detailed mapping has assisted in defining immediate drill targets. Ground geophysics will be used to assist in locating further drill targets under cover to the west.



PT Bengkulu Utara IUP and location of planned drill targets

Tembang Option

As part of the arrangements as announced on 18 August 2010, Sumatra granted an option to Newcrest to acquire a 25% stake in the Company's Tembang project for US\$10 million of which \$500,000 was a non-refundable deposit. Newcrest have formally advised Sumatra that they do not wish to exercise the option.

Sumatra's Managing Director, Jocelyn Waller, said the finalisation of the Tandai joint venture arrangements mean that the envisaged exploration of this highly prospective epithermal system can now be expedited.

“We are looking forward to drilling untested vein systems in a historically high grade gold camp. We are delighted to have Newcrest fully on board as our joint venture partner. They understand these types of system and have the technical and financial resources needed for such a proposition.

As far as Tembang is concerned, we understand that this project may not satisfy Newcrest's investment criteria but with more than one million ounces of gold resources and significant silver credits, bringing the project into production by ourselves will be the making of the company." said Mr Waller.

Colin Moorhead, Newcrest's EGM Minerals said " Our focus will be to work with Sumatra to explore the Tandai deposit."

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 Australian 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 the 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:

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Yours sincerely



Warwick Morris
Chairman

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