



16 August 2011

The Manager Companies
ASX Limited
20 Bridge Street
Sydney NSW 2000

(5 pages by email)

Dear Madam

IMPROVED GOLD AND SILVER RECOVERIES AT TEMBANG PROJECT

HIGHLIGHTS

- **Substantial increase in rate of silver recovery at Tembang**
- **High overall gold recoveries of 91% confirmed**
- **Results significantly improve the Tembang project economics**

Sumatra Copper & Gold plc ('Sumatra' or 'the Company') is pleased to report improved overall recoveries of gold and silver from its Tembang gold and silver project located in central Sumatra, Indonesia.

Metallurgical testwork, completed by ALS Ammtec and project managed by Lycopodium Minerals Pty Ltd, significantly improved the overall silver recovery - increasing from 68% (2009, METS) to **82%**. Similarly, the overall recovery of gold increased from 84% to **91%**. These testwork results were based on metallurgical composite samples taken from diamond core drilling carried out in the first half of 2011. The improved recoveries are in line with Laverton Gold NL - Barisan Tropical Mining - historic recovery rates in the 1990s.

Sumatra Chief Executive Officer Julian Ford said the samples tested by ALS Ammtec were a more proportional representation of the project than samples taken by METS in 2009 and included results from a larger geographical area and from a greater depth (maximum 150 metres).

"The heightened mineral recoveries will significantly improve the Tembang project's economics which will be further accentuated if silver and gold prices continue their strong upward trend," said Mr Ford.

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Preliminary metallurgical testwork has been conducted for Tembang on six pit composites and a master composite. The master composite was made up from the available pit composite samples using proportions to approximate the Life of Mine (LOM) blend as shown in Table 1 below.

Table 1: Composite Makeup

PIT	% OF WHOLE	MASS PER PIT FOR TESTWORK (kg)	VARIABILITY	SUB TOTAL (kg)	MASS FOR COMMINUTION (kg)	GRAND TOTAL (kg)
Belinau	6	5.16	18	23.2	60	83.2
Berenai	29	24.94	18	42.9	60	102.9
Nuri	14	12.04	18	30	60	90
Bujang	2	1.72	18	19.7	60	79.7
Buluh	18	15.48	18	33.5	60	93.5
Asmar	31	26.66	18	44.7	60	104.7
Total	100	86	108	194	360	554

The results suggest that the Tembang ores exhibit a range of gold extractions when treated by gravity pre-concentration and cyanidation of gravity tails.

The testwork was conducted over a 48 hour leach duration using aggressive leach conditions; P80 grind of 75µm and high cyanide, oxygen and lead nitrate levels. The gold and silver metallurgical extractions at 48 hours leach time for each sample tested are presented in Table 2.

Table 2: ALS Ammtec Composite Testwork Metallurgical Extractions at a Grind P₈₀ of 75 µm - 2011

PIT COMPOSITE	TEST NO.	ASSAY HEAD (g/t)		GRAVITY EXTRACTION (%)		48 HOUR LEACH EXTRACTION (%)		OVERALL 48 HR EXTRACTION (%)	
		Au	Ag	Au	Ag	Au	Ag	Au	Ag
Belinau	MA431	7.00	50.0	37.5	28.1	51.7	64.5	89.3	Note 3
Berenai	MA459	1.29	4.0	42.9	15.5	54.4	67.9	97.3	83.4
Nuri	MA432	1.42	22.0	29.4	12.4	49.9	68.7	79.3	81.1
Bujang	MA433	1.36	14.0	34.4	12.4	50.7	69.3	85.1	81.7
Buluh	MA434	1.18	32.0	42.7	12.4	45.6	74.6	88.3	87.0
Asmar	MA458	1.01	10.0	32.8	16.3	52.1	46.3	84.9	62.5
Master	MA460	1.69	22.0	40.6	19.4	50.0	62.6	90.6	82.0

Notes:

- (1) Calculated head grade is the sum of the value metal in the gravity concentrate, final leach solution and final leach residue.
- (2) Calculated extraction at 48 hours leach time based on final residue grade and calculated head grade.
- (3) The initial recovery for silver at Belinau was 93% based on a head grade of 50 g/t Ag. However the two check assays for the head grade showed grades of 48.3 g/t Ag and 83.5 g/t Ag. As a result, the Company will rerun the silver recoveries for the silver at Belinau.
- (4) The Master Composite was made up from six Pit Composites in the following proportions: 8% Belinau, 16% Berenai, 20% Nuri, 4% Bujang, 19% Buluh and 33% Asmar.

The gold and silver extraction profiles for the seven composites are presented below as Figures 1 and 2.

Figure 1: Gold Extraction Profile at a Grind P₈₀ of 75 μm

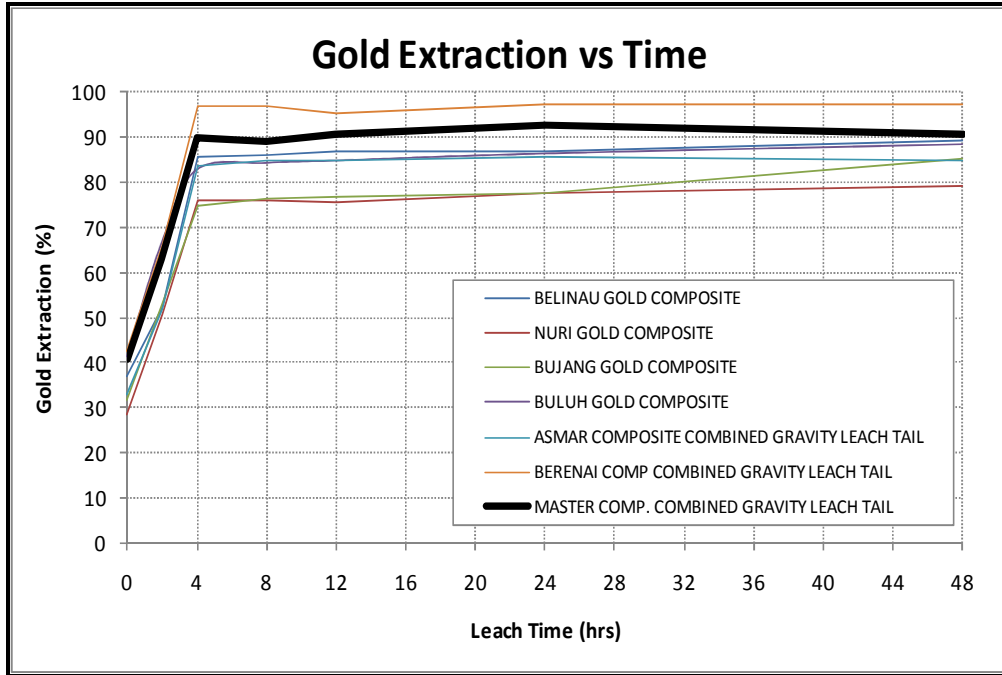
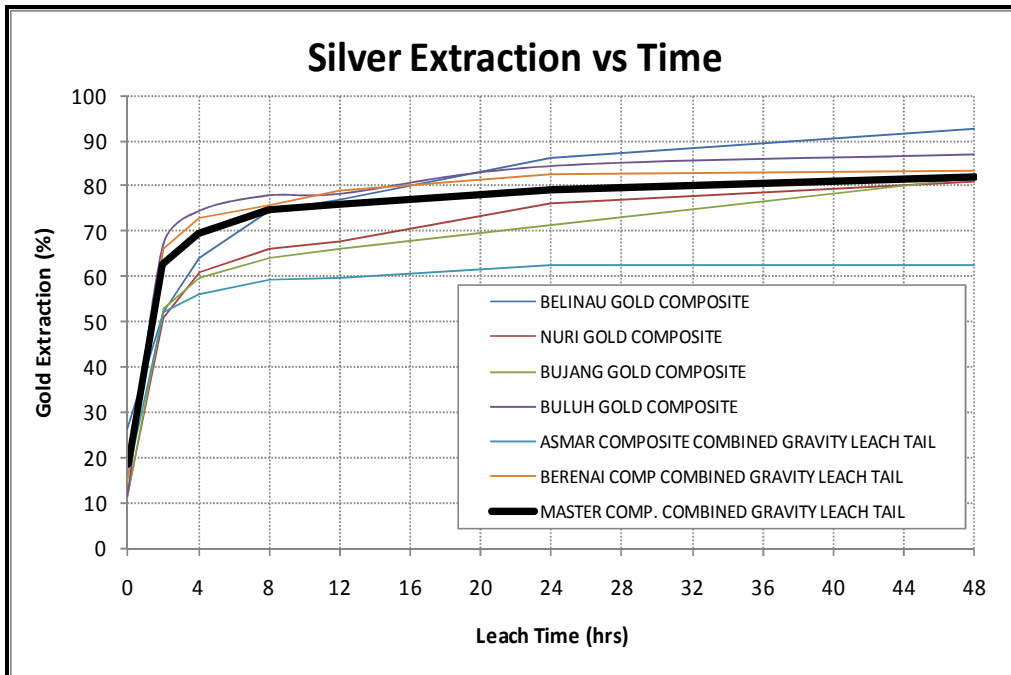


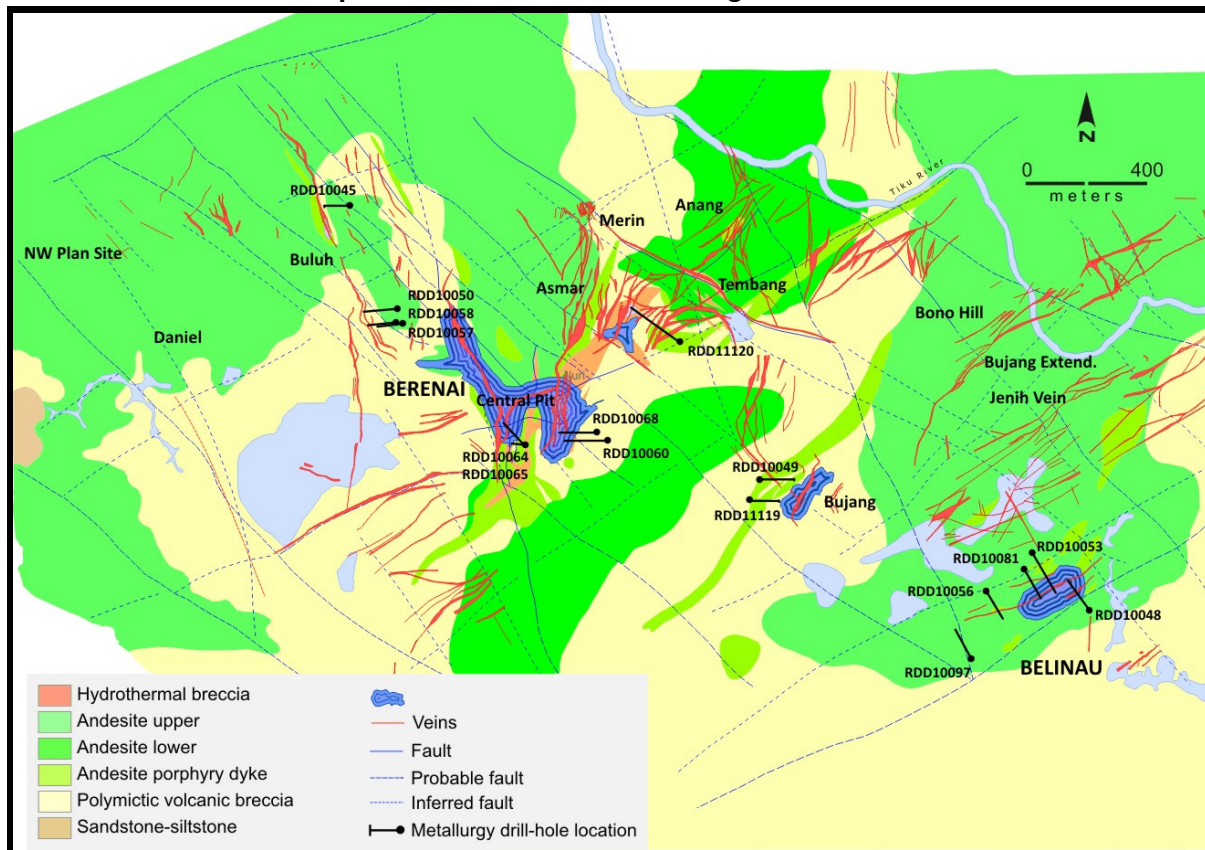
Figure 2: Silver Extraction Profile at a Grind P₈₀ of 75 μm



The Company is carrying out the following metallurgical test program as part of the Definitive Feasibility Study for the Tembang project which is scheduled to commence in the fourth quarter of 2011.

- Completion of comminution tests on each ore type.
- Diagnostic leach to determine gold deportment.
- Confirm gravity gold recovery.
- Leaching of gravity tails at 4 grind sizes; 150µm, 106µm, 75µm and 53µm.
- Litharge / oxygen matrix testing at best grind size.
- Oxygen uptake testing
- Reagent optimisation testing.
- Variability gravity and leach testing.
- Carbon kinetics testing.
- Detox testwork.

Map 1: Location of 2011 Metallurgical Test Holes



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Yours sincerely



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