



29 April 2011

The Manager Companies  
ASX Limited  
20 Bridge Street  
Sydney NSW 2000

(18 pages by email)

Dear Madam

## **REPORT ON ACTIVITIES FOR THE QUARTER ENDED 31 MARCH 2011**

### **HIGHLIGHTS**

- **Completion of Exploration JV Agreement with Newcrest to earn a 70% interest in Tandai project for US\$12 million.**
- **Ownership of all material mineral tenements increased to 100%.**
- **Production timetable announced for Tembang, targeting annual production of 60,000 to 70,000 ounces gold and 700,000 ounces silver.**
- **Updated resource statement for Tembang with a more robust higher grade resource of plus 1 million ounces gold.**
- **Measured and Indicated categories now represent 76% of the total Tembang resource.**
- **Completion of scout drilling program at Sontang project**
- **Appointment of Adi Sjoekri as Director**

### **1. CORPORATE ACTIVITIES**

#### **1.1 Agreements with Newcrest**

##### **1.1.1 Exploration Joint Venture at Tandai**

During the quarter Sumatra Copper & Gold plc (ASX: SUM, 'Sumatra' or 'the Company') announced 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.

As part of this transaction Newcrest Singapore (Tandai) Pte Ltd ('Newcrest Tandai'), a subsidiary of Newcrest, subscribed US\$1.75 million for new shares in PT BUG for a 70% interest on completion following the receipt of 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. The subscription amount has been received and the shares have been 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'). 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.

### **1.1.2 Tembang Option**

As part of the arrangements with Newcrest Sumatra granted an option to Newcrest to acquire a 25% stake in the Company's Tembang project for US\$10 million of which US\$500,000 was a non-refundable deposit. The option expired on 31 March 2011 and was not exercised.

## **1.2 Agreement to Increase Ownership of Tenements to 100%**

In February 2011 the Company completed the transaction with Mr Adi Sjoekri to restructure the current ownership 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).

This was for a consideration of 3,800,000 new Sumatra CHES Depositary Interests ('CDIs') for shares and A\$368,000 in cash, of which A\$68,000 was paid during 2010. This has been made possible by the provisions of the 2009 Mining Law that now allows up to 100% foreign ownership of Indonesian foreign investment ('PMA') mining companies that hold IUPs.

The transaction also covers two small IUPs in North Sumatra held respectively by PT Kotanopan Mining and PT Mandailing Mining, local companies also owned by Adi Sjoekri and his affiliate. In the case of these companies, Adi Sjoekri's interest is subject to the terms of a Co-operation Agreement. These two IUPs cover green field exploration targets.

## **1.3 Appointment of Adi Sjoekri as a Director**

In March 2011 the Company announced that Adi Sjoekri has been appointed as a Director of the Company. At the same time Lord Daresbury resigned as a Director due to other commitments.

Adi is an Indonesian National and graduated with degree and a Master of Science in Geology from the Colorado School of Mines in the U.S.A. He completed his further education with an MBA in management at Monash University in Jakarta.

Adi has more than years' 17 experience working for major companies such as CSR and Newmont throughout Indonesia and more recently as a successful consultant to the mining industry. He was instrumental in recognising the opportunity for Sumatra to acquire mineral tenements in Indonesia in 2006.

## OPERATIONS

### 2.1 Tembang

#### 2.1.1 Tembang Resource Update

An updated resource statement for Tembang, reported to JORC standards, was completed in March 2011. This process was completed by the Company's resource geologist David Stock and was reviewed by respected industry consultants Hellman & Schofield Pty Ltd ('H&S'). The resource reflected the successful 2010/2011 drilling programs at Belinau and Berenai and resulted in an overall more robust and higher grade resource of 23.54 Mt @ 1.32 g/t Au, 17.3 g/t Ag. This represents a 39% increase in grade from the 2009 resource estimate by Snowden.

The Belinau deposit, by itself, represents a potential underground resource of 0.49 Mt @ 8.24 g/t Au, 71.8 g/t Ag. This makes Belinau broadly comparable to Kingsrose Mining's Way Linggo mine also in Sumatra. Drilling in 2010/11 has added 99,700 ounces Au and 746,400 ounces Ag at an average grade of 9.17g/t Au, 68.7g/t Ag. A recently commissioned scoping study by Mining Plus has confirmed the potential viability of mining Belinau by underground means.

The vein component is now 79% of the total resource mainly due to the decrease in the halo resource. This better reflects the most important style of mineralisation in the deposit. The Measured and Indicated categories have also increased from 47% of the total resource to 76%. As presaged in our Tembang drilling update announcement on 12 October 2010 the inferred halo mineralisation has been materially reduced to 12.18 Mt @ 0.54 g/t Au, 7 g/t Ag due to a more rigorous review of the geological model.

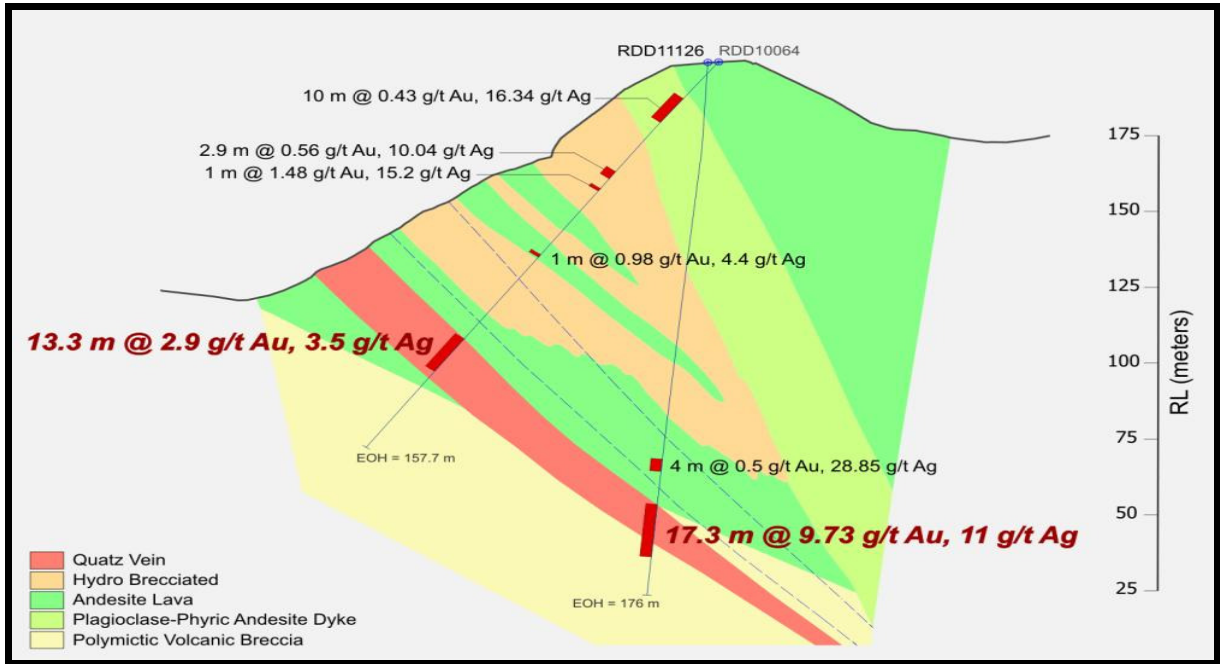
<b>Tembang Mineral Resource March 2011 reported to JORC Code Standards</b>						
<b>Type</b>	<b>Category</b>	<b>Mt</b>	<b>Au g/t</b>	<b>Ag g/t</b>	<b>Au oz</b>	<b>Ag oz</b>
VEIN	Measured	3.42	2.25	36.5	247,700	4,017,700
	Indicated	4.38	2.39	29.2	335,900	4,114,300
	Inferred	3.55	1.81	19.9	207,200	2,266,900
	<b>Sub-Total</b>	<b>11.36</b>	<b>2.17</b>	<b>28.5</b>	<b>790,800</b>	<b>10,398,900</b>
HALO	Measured	-	-	-	-	-
	Indicated	10.27	0.54	7.2	178,500	2,389,200
	Inferred	1.91	0.51	5.4	31,200	333,300
	<b>Sub-Total</b>	<b>12.18</b>	<b>0.54</b>	<b>7.0</b>	<b>209,700</b>	<b>2,722,400</b>
<b>TOTAL</b>	<b>23.54</b>	<b>1.32</b>	<b>17.3</b>	<b>1,000,500</b>	<b>13,121,300</b>	

Notes: Rounding errors may occur. Vein above 0.5 g/t Au cut-off, halo material above 0.3 g/t cut-off.

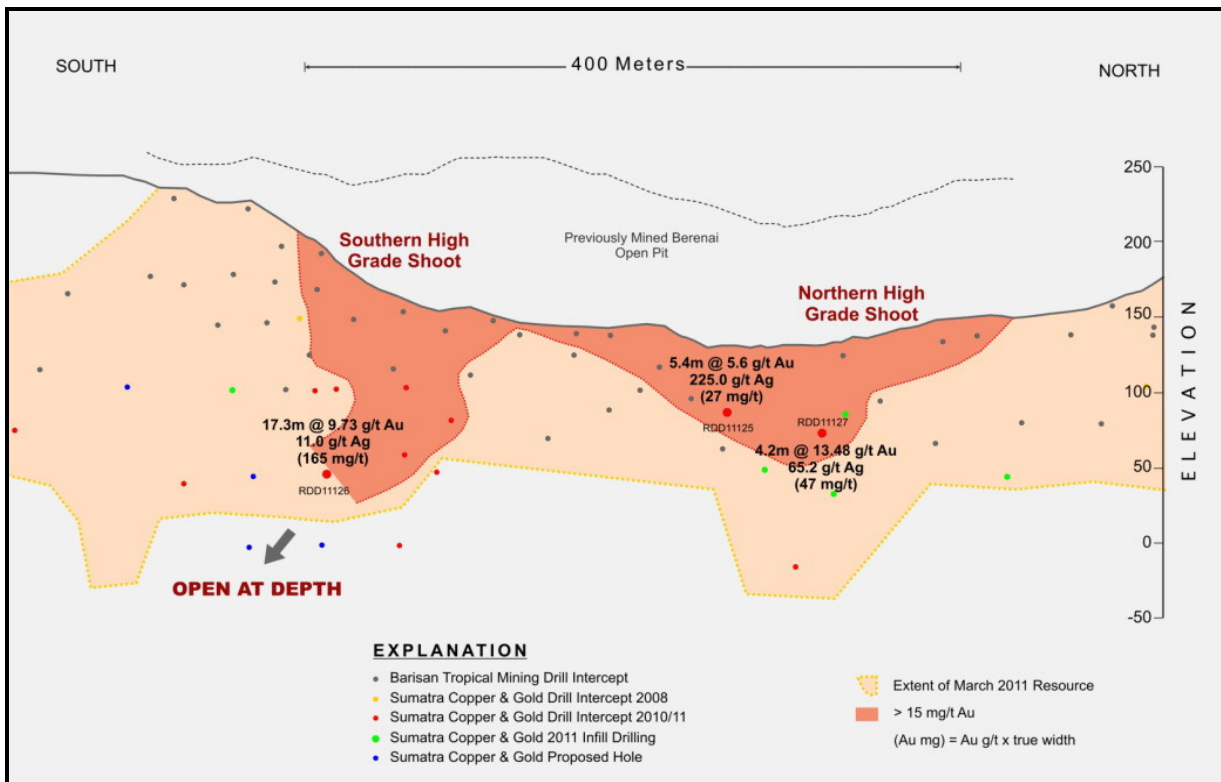
A 5,000 metre in-fill drilling program is well underway and on its completion Hellman and Schofield will be commissioned to undertake and sign off on the resource estimates which will be the basis for the definitive feasibility study to be carried out in the second half of 2011.



Further drilling on the northern shoot also returned excellent results with hole RDD11127 intersecting 4.2 metres @ 13.48 g/t Au, 65.2 g/t Ag from 227.2 to 231.4 metres and RDD11125 intersecting 5.4 metres @ 5.6 g/t Au, 225.0 g/t Ag from 225.3 to 230.7 metres . The was effectively closed off with two drill holes RDD 11132 which intersected 6.9 metres @ 0.91 g/t Au, 39.3 g/t Ag and RDD11136 which returned 2.55 metres @ 0.74 g/t Au and 34.8 g/t Ag.



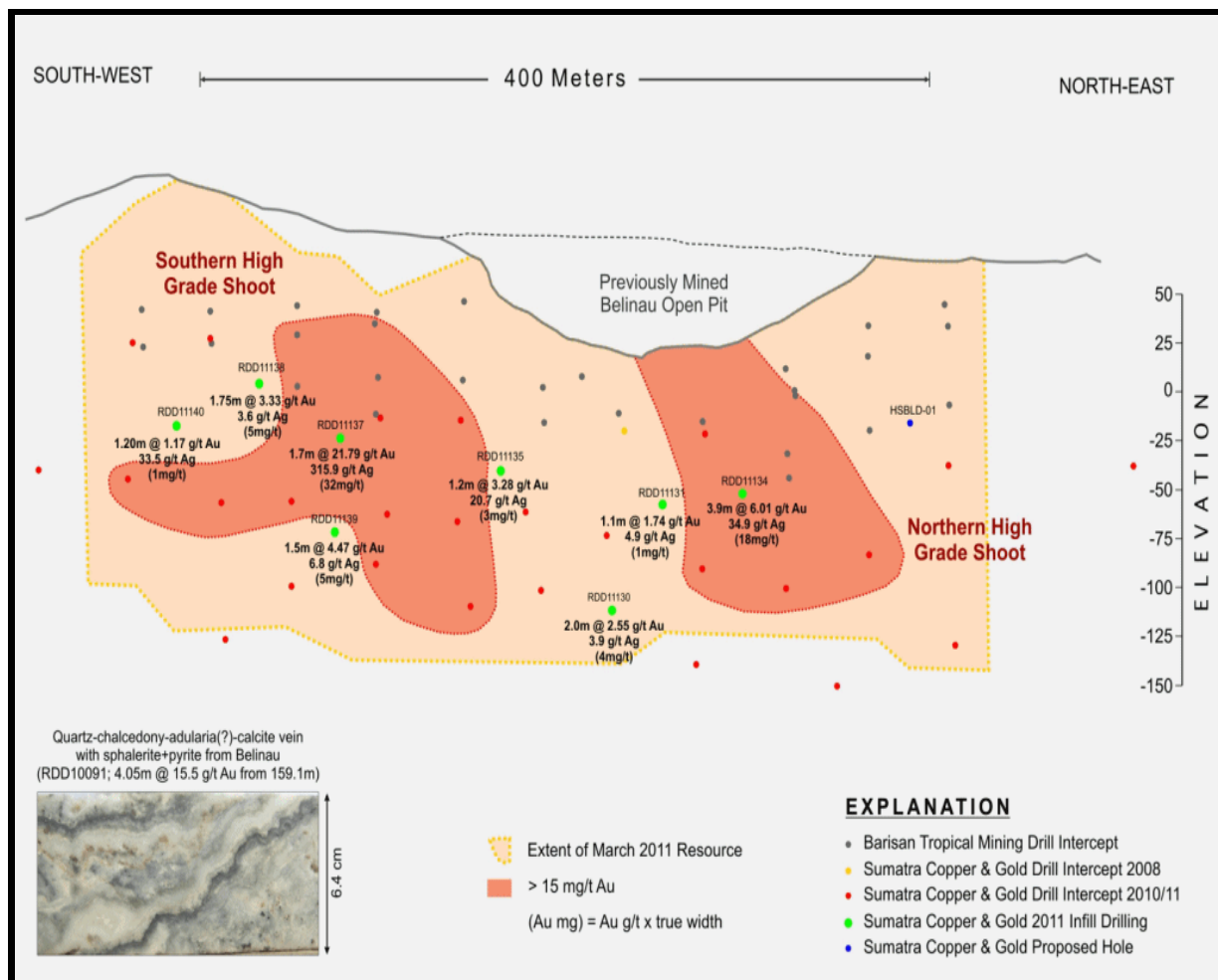
Berenai section RDD 11126 looking North West



Long section through Berenai Showing Drill Pierce Points and Grade Thickness

## Belinau

At Belinau significant intercepts were returned in hole RDD11123 which encountered 2.95 metres @ 9.61 g/t Au, 9.1 g/t Ag from 208.0 to 210.9 metres and from Hole RDD11137 which intersected 1.70 metres @ 21.79 g/t Au, 315.9 g/t Ag from 135.8 – 137.5 metres. Overall the results from the infill drilling are in line with expectations and will assist in refining the shapes of the high grade shoots.



Long section through Belinau Showing Drill Pierce Points and Grade Thickness

## District Exploration

As part of the re-focus on Tembang exploration has now commenced on outlying prospects, especially across the Tiku River in the quest to discover more resources within the district. The Racambai prospect to the NE of Belinau has recently returned some encouraging rock chip results up to 3 metres @ 2.03 g/t Au.

### 2.1.2 Tembang Development timetable

During the quarter the Company announced that following a successful resource drilling program it is now focused on bringing the Tembang project into production by early 2013.

The targeted production is between approximately 60,000 ounces of gold and 600,000 ounces of silver and 70,000 ounces of gold and 700,000 ounces silver.

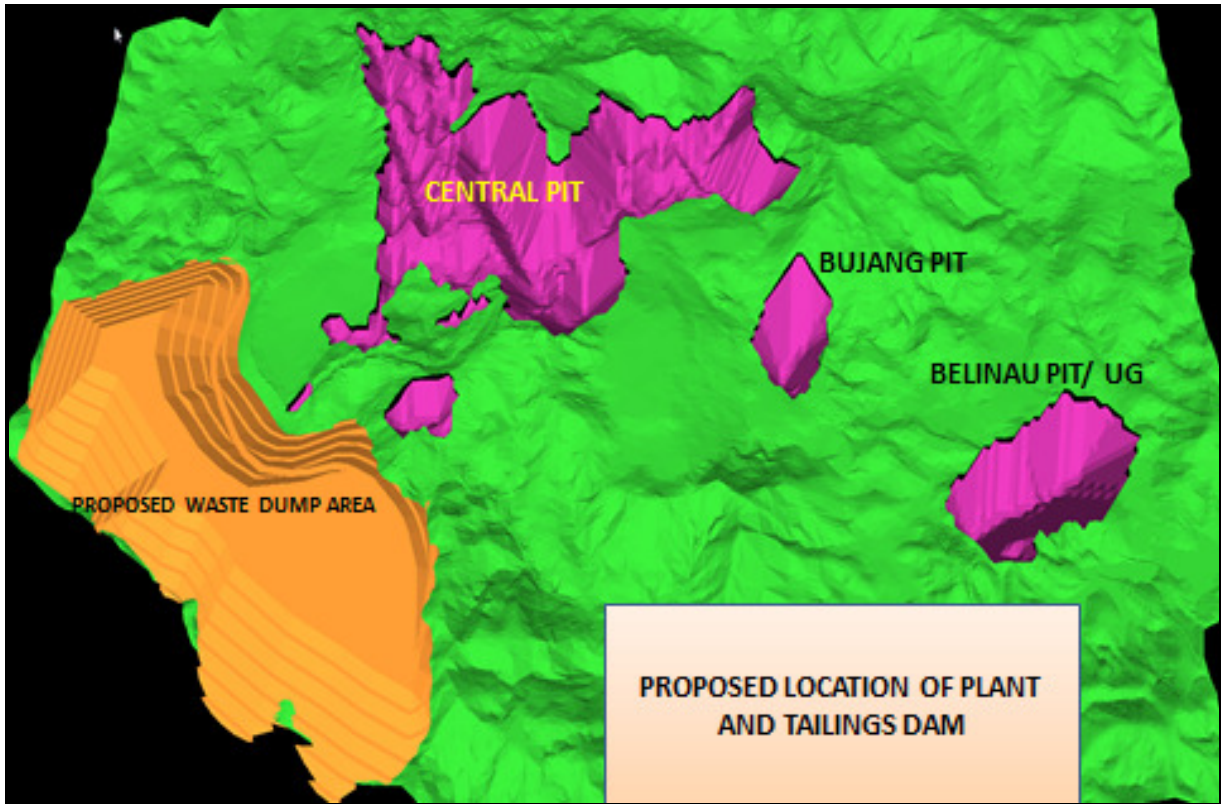
## Planned Program and Timetable

The Company plans to complete pre-feasibility studies by mid-2011 so that a definitive feasibility study can then be commissioned. The considerable amount of previous pre-feasibility work already undertaken by the Company in 2008 and 2009 prior to its IPO, particularly drilling, base line studies and metallurgical testwork, will facilitate this process. Following the resource update released in March, a definitive mining strategy can now be developed. This may include a plan for mining the high grade Belinau lode partly or wholly by underground means. Final mine planning will be undertaken once the infill drilling and definitive resource modelling is completed in mid 2011.

The current schedule is for the definitive feasibility study to be completed by the end of 2011 and construction to begin, subject to permitting and financing, in the second quarter of 2012.



**Tembang Project Location**



**Tembang Mine Development Layout**

## **2.2 Sontang**

The successful scout drilling program at the Company's Sontang project, located in West Sumatra, Indonesia was completed during the quarter, with almost every hole intersecting significant gold, silver and base metals (mostly zinc) mineralisation.

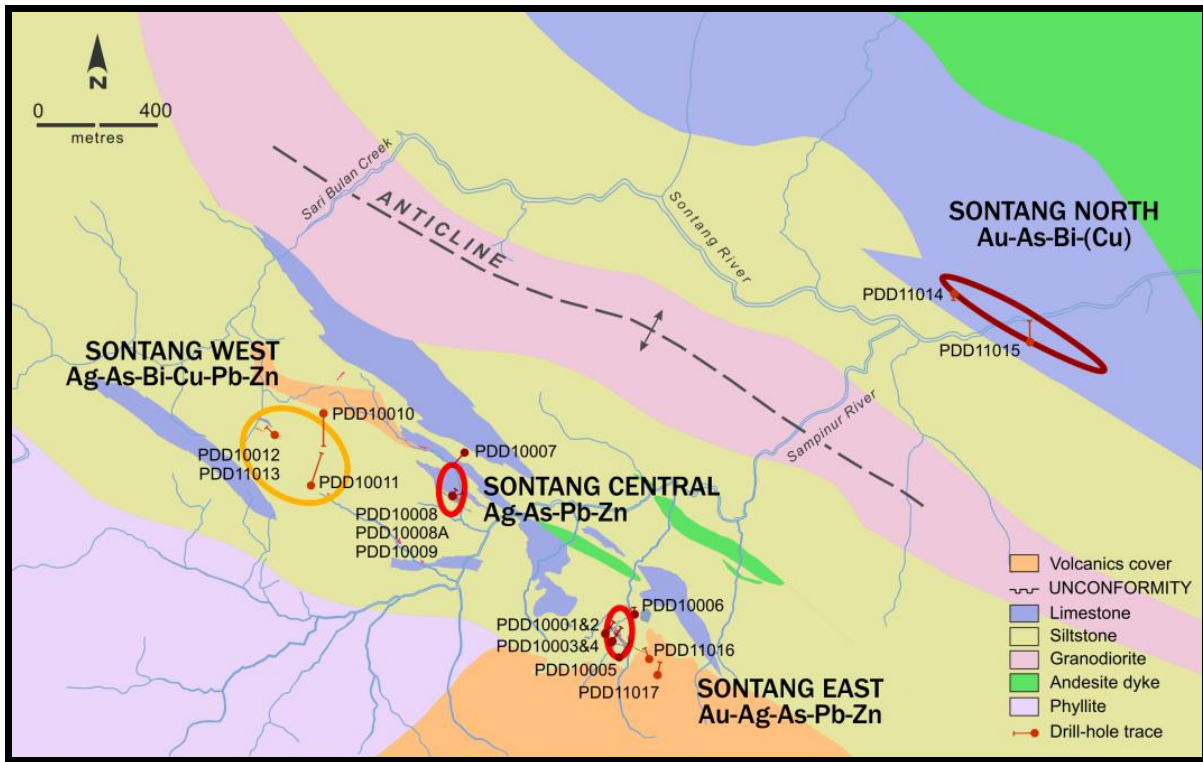
All assays have been received for the seventeen holes drilled in four prospect areas at East, Central, West and North Sontang project areas for a total of 2016.5 metres.

The highest intercept to date was returned from hole PDD11016 which intersected 11.9 metres @ 6.5 g/t Au, 33.3 g/t Ag and 8.0% Zn from 57.6 to 69.5 metres down hole. This hole extends the strike length of the East Sontang zone over 150 metres before mineralisation goes under cover. There is a possibility that mineralisation may continue under this cover and detailed creek mapping is being carried out to look for massive sulphide float.

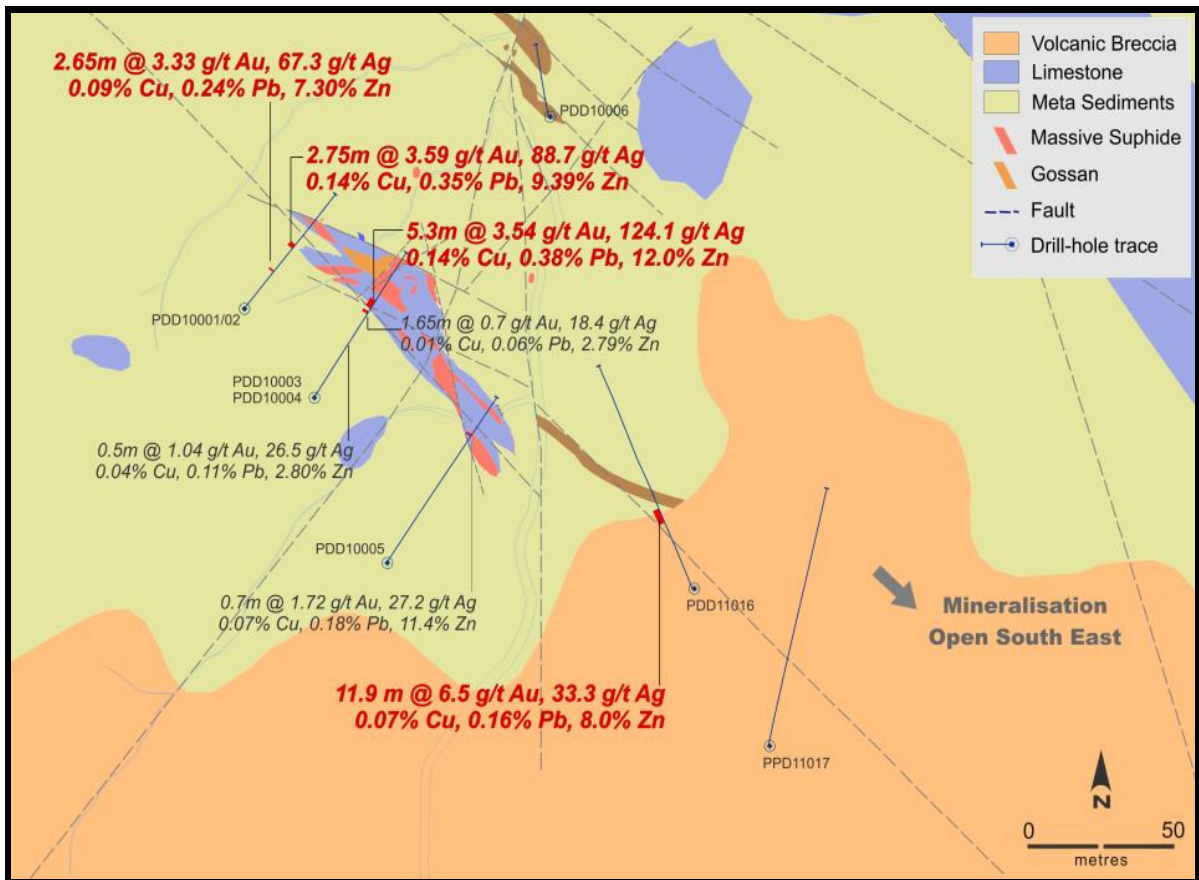
At West Sontang holes PDD 10010-12 and PDD 11013 all intersected mineralisation at a lower tenor than East and Central Sontang. The results are in line with previous surface sampling which showed anomalous copper and arsenic, with lower gold and silver in highly fractured siltstones. This is consistent with our hypothesis of a possible deeper intrusive source for mineralisation.

Two holes were drilled in to the large gold copper soil anomaly at North Sontang. PDD11014 intersected 2.17 metres @ 2.95 g/t Au, 13.7 g/t Ag from 28.2 to 30.4 metres and downhole. PDD11015 was barren. This suggests the large soil anomaly may be a deflation surface with gold and copper spread over a wide area due to erosion.





Sontang summary geology and drill hole locations



East Sontang detailed geology and significant intercepts

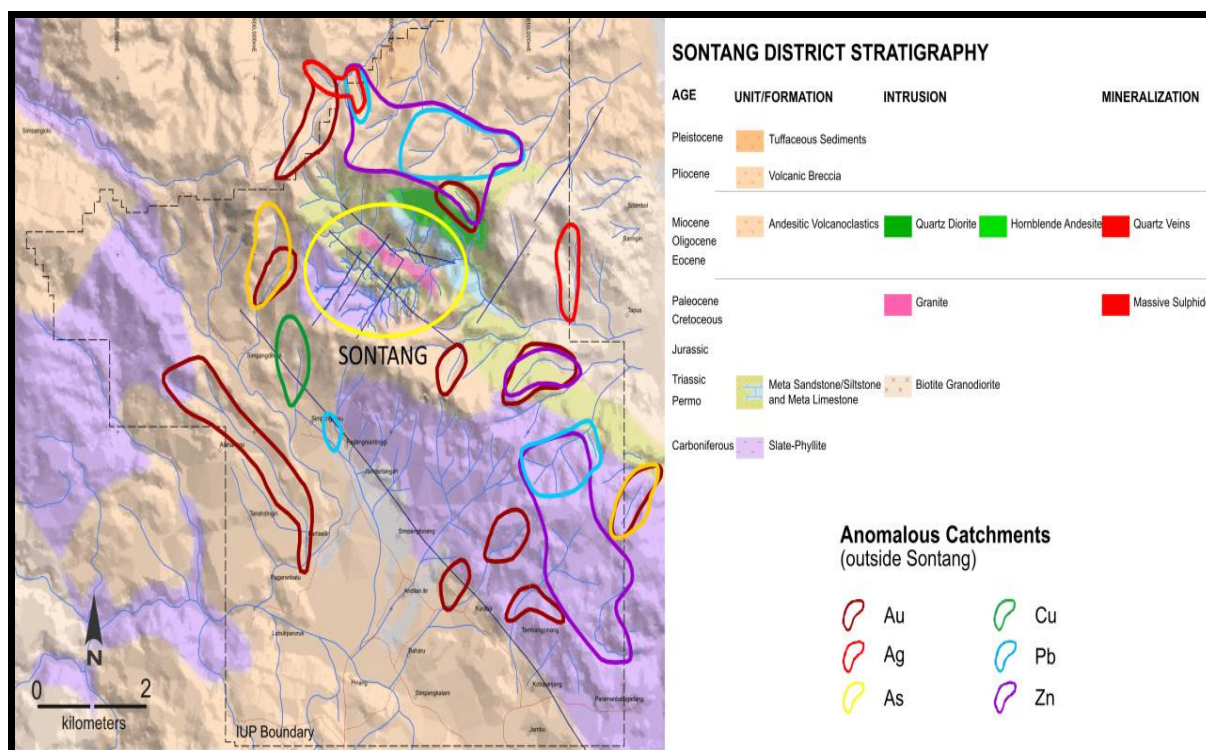
The geometry of the mineralised outcrops in the field suggests strong structural control and this has been confirmed by the drilling. Our understanding is that the best mineralisation occurs at structural intersections of northerly trending cross structures with the deep seated regional WNW-ESE trend. This regional trend has also focused the emplacement of felsic and intermediate dykes.

The drilling also confirmed the difference in style of mineralisation from basemetal rich veins dominated by pyrite and arsenopyrite at West Sontang and more massive sulphide mineralisation at Central and East Sontang dominated by fine grained pyrrhotite. This was reflected in the geochemistry with high arsenic and copper in the west, proximal to an intrusive source and higher Au, Ag, Zn and Pb in Central and East Sontang.

A review of the project and the recent drilling data has been conducted by our in-house consultant to assist in determining the future exploration approach at Sontang. His key recommendations for ongoing and future exploration are summarized below:

- Assess south easterly strike-extent of mineralized corridor by prospecting streams to southeast of East Sontang
- In mapping outcrop in anomalous areas, focus on the geometry of limestone units, mantos, veins, fractures and faults to better target high-grade Au-Ag-Zn zones
- Assess regional potential of Pasaman IUP by investigating stream geochemical anomalies
  - Miocene volcanic rocks north and west of Sontang
  - Paleozoic and Mesozoic sedimentary rocks northeast of Sontang

As part of this review process an additional 64 samples from 5 holes have been taken outside the zones of massive sulphide to better constrain mineralisation. Although we do not expect these results to be high grade they may assist in establishing if any other phase of mineralisation exists and may point to the possibility of a bulk tonnage target. We expect results of this sampling in the upcoming quarter.



**Summary of regional target areas in Pasaman IUP**

Sontang Exploration Drilling 2010/11 - Significant Intersection

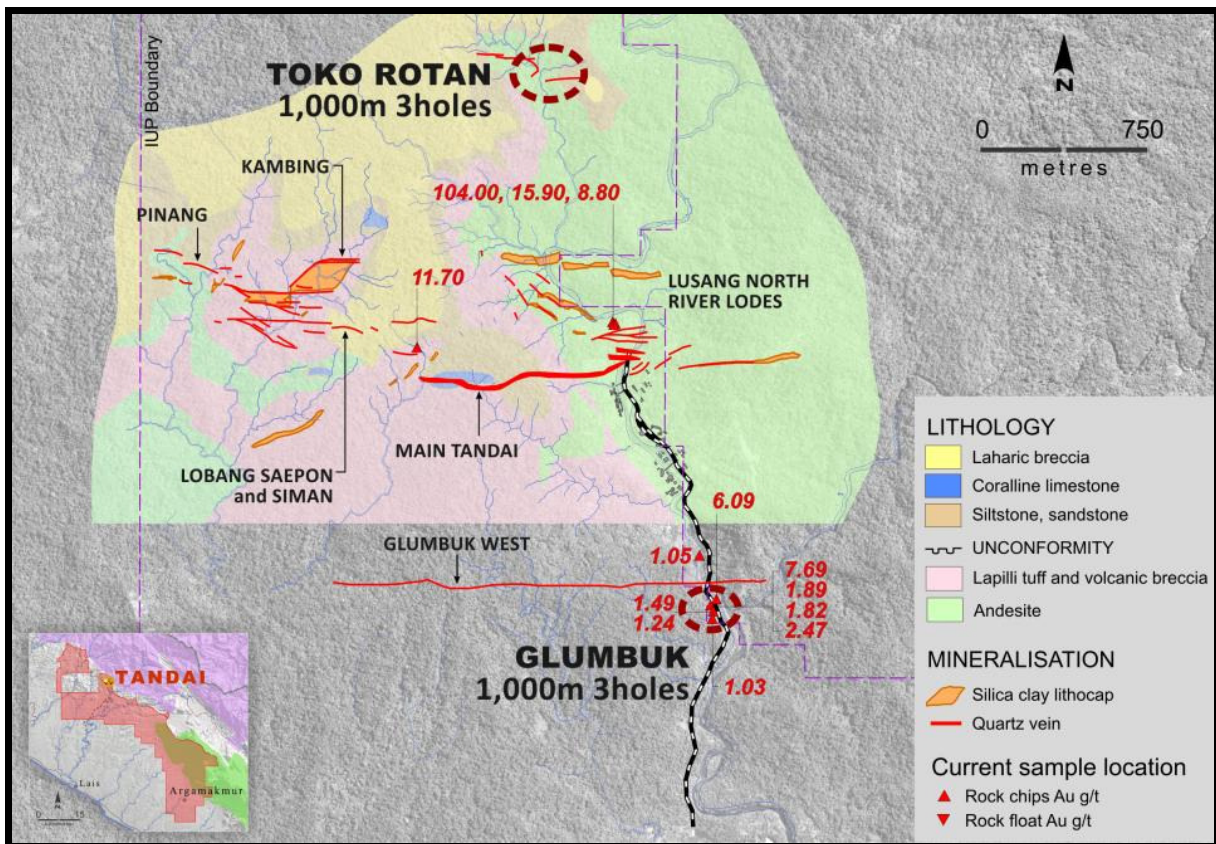
Hole No	Location	From	To	Length	Au g/t	Ag g/t	Cu %	Pb %	Zn %	Comments
PDD10001	East Sontang	45.30	48.05	2.75	3.59	88.7	0.14	0.36	9.39	
PDD10002	East Sontang	67.35	70.00	2.65	3.33	67.3	0.09	0.24	7.28	
PDD10003	East Sontang	57.55	59.20	1.65	0.70	18.4	0.01	0.06	2.79	
PDD10003	East Sontang	61.80	67.10	5.30	3.54	124.1	0.14	0.38	12.00	
PDD10004	East Sontang	3.00	4.90	1.90	2.43	111.6	0.04	1.53	0.23	
PDD10004	East Sontang	71.00	71.50	0.50	1.04	26.5	0.04	0.11	2.80	
PDD10005	East Sontang	87.80	88.50	0.70	1.72	27.2	0.07	0.18	11.40	
PDD10006	East Sontang				No Significant Mineralisation					
PDD10007	Central Sontang				No Significant Mineralisation					
PDD10008	Central Sontang	21.70	29.70	8.00	0.19	214.0	0.01	2.35	7.70	Includes 5.5m @ 0.26g/t Au, 297g/t Ag, 0.01% Cu, 3.31% Pb and 11.03% Zn
PDD10008	Central Sontang	31.30	31.80	0.50	0.13	215.0	0.01	3.50	7.25	
PDD10009	Central Sontang				No Significant Mineralisation					
PDD10010	West Sontang	24.45	26.90	2.45	0.04	91.3	0.05	0.99	2.41	
PDD10010	West Sontang	30.90	33.35	2.45	0.09	57.9	0.36	0.33	1.30	
PDD10010	West Sontang	58.30	68.20	9.90	0.01	61.1	0.07	0.38	0.88	
PDD10011	West Sontang				No Significant Mineralisation					
PDD10012	West Sontang	16.30	17.30	1.00	0.82	19.4	0.52	0.08	4.20	
PDD10012	West Sontang	26.30	31.85	5.55	0.84	27.6	0.32	0.08	1.83	
PDD10012	West Sontang	56.35	61.35	5.00	0.05	24.2	0.42	0.15	3.17	
PDD11013	West Sontang	18.40	24.00	5.60	0.53	16.4	0.48	0.03	0.39	
PDD11013	West Sontang	71.00	73.70	2.70	0.15	43.0	0.39	0.22	5.03	
PDD11014	North Sontang	28.23	30.40	2.17	2.95	13.7	0.11	0.05	0.39	
PDD11015	North Sontang				No Significant Mineralisation					
PDD11016	East Sontang	57.60	69.50	11.90	6.50	33.3	0.07	0.16	8.00	Includes 3.9m @ 14.24g/t Au, 54g/t Ag, 0.1% Cu, 0.28% Pb and 13.5% Zn
PDD11017	East Sontang	116.20	117.00	0.80	0.43	15.0	0.00	0.12	0.73	

### 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.

Under the arrangements agreed with Newcrest Mining on 17 August 2010 Newcrest have the right to earn a 70 % interest in the Tandai tenement by spending US\$12 million on the project with a minimum spend of US\$1.75 million. The current exploration program and budget have been agreed with Newcrest and the Newcrest with funding taking effect from 1 November 2010.

During the quarter, the Company's exploration activities have been in the field at Glumbuk, Toko Rotan and Lusang North. Underground mapping has also been carried out in level 6 of the old underground mine and in artisanal mine workings.



**Rock Chip Assay highlights and areas for drilling**

## **Lusang North**

In late 2010 a reconnaissance sampling program of artisanal underground tunnels in the North Lusang area was completed. Of the five samples collected three returned significant results with values up to 57 g/t Au and 96 g/t Ag. The highest values were returned from fine grained silicified clast supported andesite breccia with up to 10% quartz veining. The margins of the 1.5 metre wide structure appear to contain the most significant mineralization with abundant chlorite / sulphide banding. Disseminated fine grained pyrite, chalcopyrite and galena have also been identified throughout the breccia zone.

The grade of the samples increased with vertical distance from the adit, with the highest values obtained proximal to the termination of the workings approximately 15 metres below the adit level. Historic underground workings completed by the Dutch in the early 1900s exist within 30 metres of the area. This sampling attests to the high grade nature of vein breccias mineralisation in this area and will be taken into account in the upcoming drill program. More recent character sampling of these breccia zones has returned values up to 104g/t Au.

## **Glumbuk**

Glumbuk is a greater than 3 kilometre long gold bearing structure that has previously been mined by the Dutch at Karang Suluh to the east. The structure widens considerably on the eastern boundary of the IUP and consists of veins and breccia zones over 100 meters width. It is overlain by young post mineral volcanoclastic cover to the west.

Trenching and channel sampling have been restricted to the eastern part of the project where the host andesite is exposed or where there is deemed to be shallow volcanoclastic cover. Seven trenches were completed but in most cases the post mineralisation cover sequence blankets areas with subdued topography and it has not been possible to penetrate through this cover. Several new quartz vein and quartz vein breccia zones up to 3m thick have been identified. Best results have been from these zones include, 6.69 g/t Au, 175 g/t Ag and 7.65 g/t Au, 29.4 g/t Ag.

## **Toko Rotan**

The Toko Rotan prospect is located about 1.7 kilometres north of the main Tandai Lode. This prospect was outlined by the Company's consultant geologists as a potential target based on surface manifestation of breccia and veining and localised multi phase sulphidic breccia assaying up to 1.21 g/t Au.

Mapping and sampling along strike of the hydrothermal breccia and veining zone at the Dutch Dam continued to expand the delineated zone of silica – clay – pyrite alteration and base metal sulphide contents seem to be increasing to the west. Several broadly north – south trending fault breccia zones have been identified. These zones do not appear to offset mineralization to a large degree and therefore are interpreted to be post mineralization. The orientation of the veining and alteration continues to trend north east. Overall results from the rock chip and channel sampling have shown no significant values to date. Selective vein sampling was carried out to determine if there is any mineralisation present.

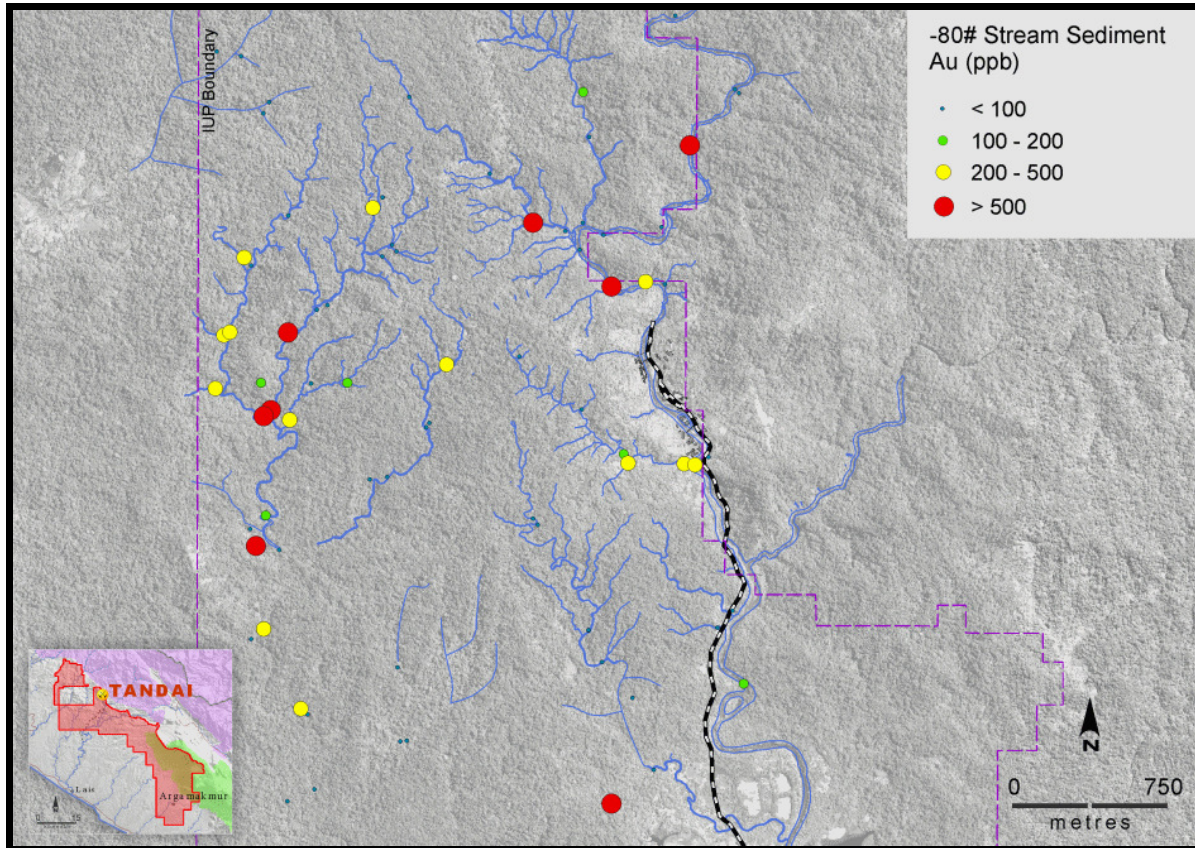
In the past month geological mapping has resulted in the discovery of new outcrops of 3 metres wide dark grey quartz – sulphide breccias with fine grained disseminated pyrite and trace galena. The breccias consist of angular quartz clasts in a fine grained quartz-sulphide matrix. Further mapping and sampling is on-going to determine the extent and tenor of this mineralisation.

## **Geophysics**

The planned CSAMT geophysical program was delayed due to the loss of the transmitter. A replacement unit has been sourced and will be available early in the upcoming quarter. We expect further targets will be generated from this program.

## Stream Sediment Orientation Program

All of the results for the stream sediment orientation sampling program have now been received. The program targeted sites downstream of known mineralization in order to characterize the anomalous samples and possibly identify path finder elements which may have a broader dispersal pattern than gold or silver. Several anomalous results of both gold (see figure below) and silver were returned with a peak value of 2.93 g/t Au. Several interesting correlations have been noted which may be characteristic of the mineralization in the region which include a weak association of Au and Ag with Cd, Cu and Zn.



**Tandai District-80# stream sediment results**

## Drilling

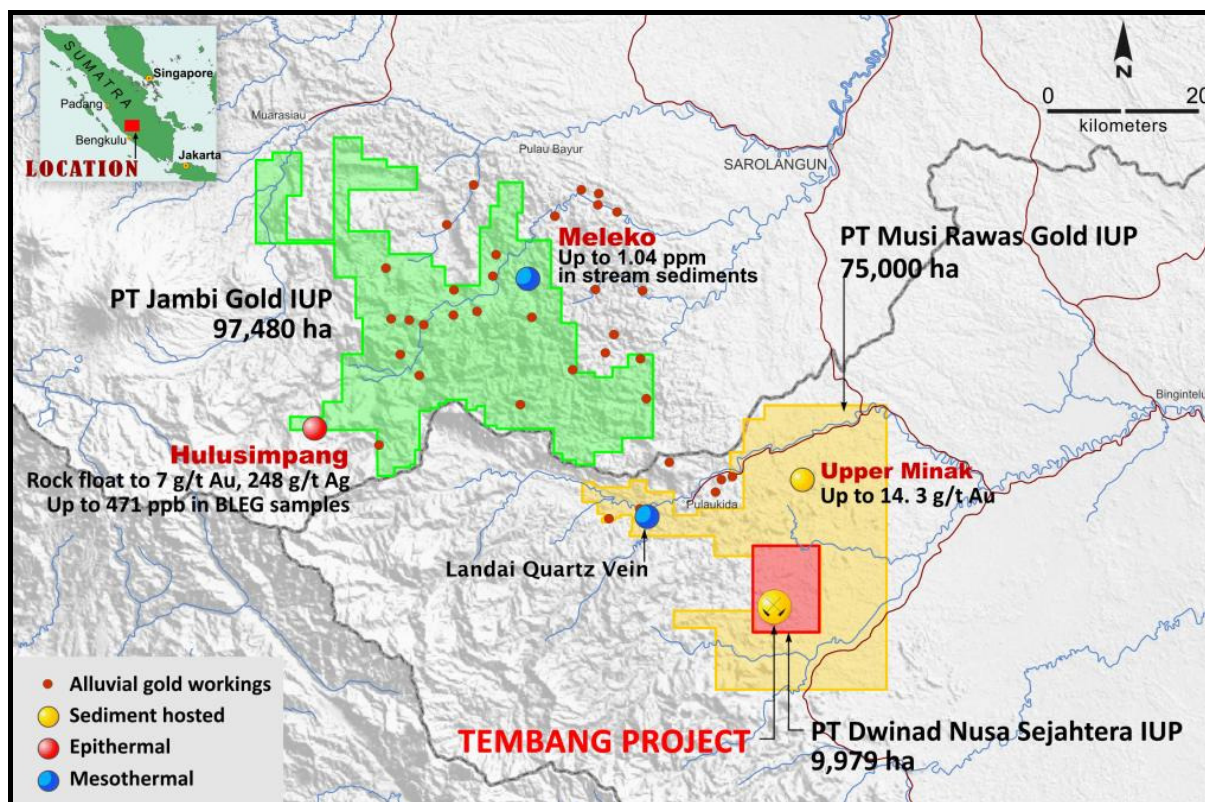
Preparations for drilling are well advanced and hole locations have been identified at the previously undrilled Toko Rotan and West Glumbuk prospects. We plan approximately 2500 metres in the first round of drilling and further drilling will be based on the results of the program. The program will commence early in the upcoming quarter.

## 2.4 Musi Rawas

Exploration activities have been re-focused on following up previous vein and recently discovered sediment hosted mineralisation at the Upper Minak area. This prospect is approximately 15 kilometres north of the Tembang development project so any discovery here will potentially benefit the project.

## Upper Minak

Exploration work is continuing to concentrate on the western part of the Minak area called Fossil Minak which is stratigraphically younger than the east and the veins are more likely to be preserved. This area is particularly attractive given its proximity to the Tembang Project. Most recent sampling has identified replacement style mineralisation within calcareous sandstones. Assay results from a recently discovered 6 metre wide silicified zone at Bukit Pulai returned consistent low to moderate grade gold values from 0.31 to 0.77 g/t with coincident very high arsenic, 3380 to 9370 ppm. This high level of Arsenic (and Antimony) is commonly associated with these types of sediment hosted systems.

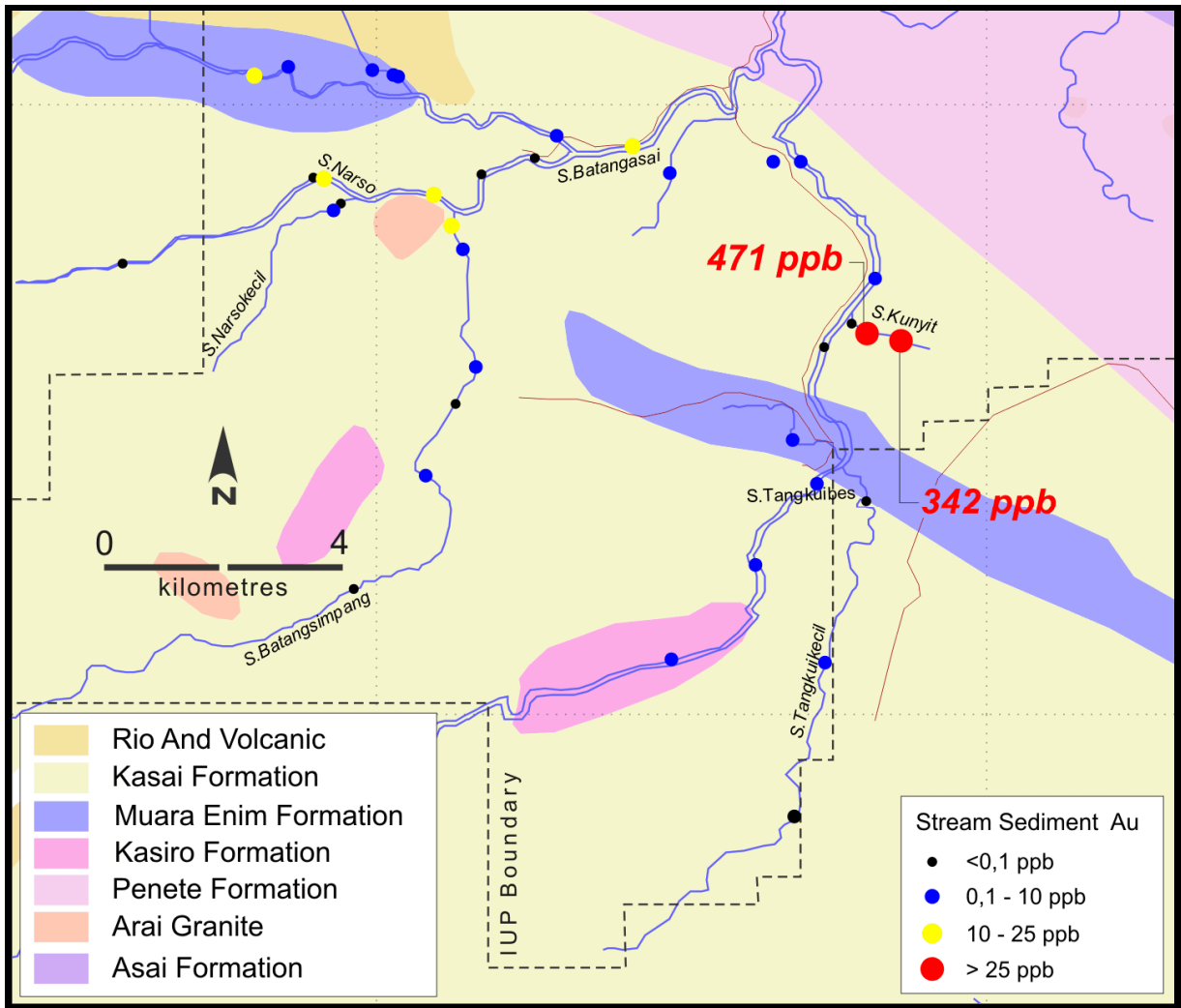


Rawas-Jambi Tenements and Prospect Locations

## 2.5 Jambi

Initial stream sediment sampling was carried out in a 12 x 13 km<sup>2</sup> catchment area in the south and west of the IUP. This area was chosen based on prospective regional geology where the Hulusimpang volcanic formation (which is host to most significant precious metal mineralisation in south Sumatra) crops out adjacent to a basement high. Secondly Aneka Tambang have discovered, and drilled, a series of epithermal veins at Batang Asai on the southwestern margin of our IUP.

Very encouraging results were returned from the sampling with stream sediment values up to 471 ppb Au from the sungai kunyit which appears to be on a major WNW trending structure on which lies the Landai prospect. Rock samples of multi phase quartz float also returned up to 7.02 g/t Au, 248 g/t Ag. These areas will be followed up later in the year.

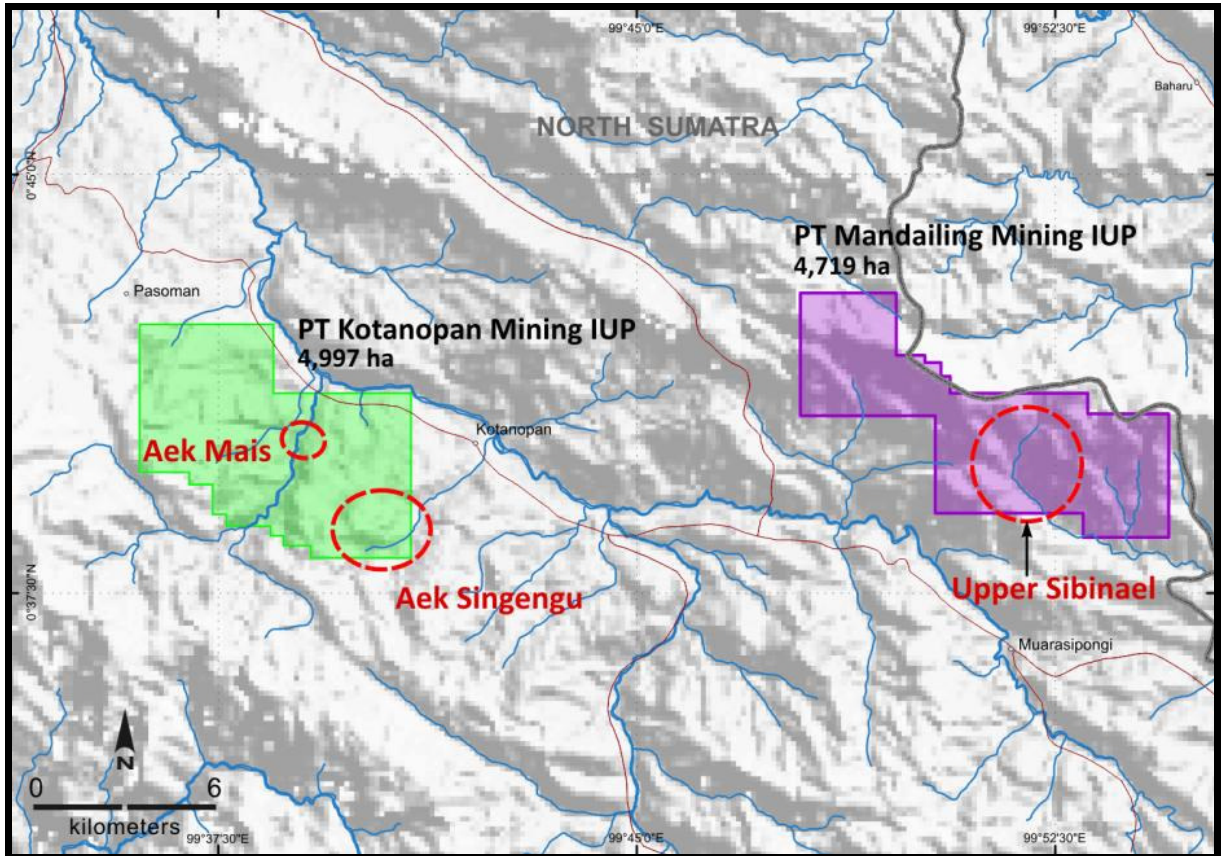


**Anomalous BLEG results from the Hulu Simpang Area**



## 2.6 Madina and Kotanopan IUPs

Exploration work has been focused on the Sontang Project this quarter. Further follow up work is planned in the second quarter in the A.Mais and A.Sibanel drainages based on availability of manpower.



**Madina and Kotanopan Tenements with stream sediment anomalies**

### 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.

The Tembang Mineral Resource was estimated by Mr David Stock MAusIMM who is a Geological Consultant to Sumatra Copper & Gold and is a Competent Person as defined by the Australasian Code for the reporting of Exploration Results, Mineral Resources and Ore Reserves (the JORC Code 2004 Edition) and 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

pjn5940