



24 February 2011

The Manager Companies  
ASX Limited  
20 Bridge Street  
SYDNEY NSW 2000

(3 pages by email)

Dear Madam

### **SUMATRA ANNOUNCES PRODUCTION TIMETABLE FOR ITS TEMBANG PROJECT**

#### **Highlights:**

- **Production from Tembang planned for early 2013**
- **Annual production of 70,000 to 80,000 ounces gold equivalent targeted**
- **Projected mine life of at least 10 years**
- **Anticipated cash costs in the range of US\$500 per ounce**
- **Final pre-feasibility studies are underway**

Following a largely successful resource augmentation drilling program, the Directors of Sumatra Copper & Gold plc (ASX: SUM) ('Sumatra' or the 'Company') are pleased to announce that the Company is now focused on bringing the gold and silver Tembang Project in central Sumatra, Indonesia, into production by early 2013.

A production rate of between 70,000 and 80,000 ounces gold equivalent per annum over more than 10 years is targeted with cash costs around US\$500 per ounce.

#### **Background and Rationale for the Development Decision**

Since early 2010 the Company has conducted an aggressive drilling program at Tembang to test potential depth extensions of the known resource - particularly at deeper limits of the known data where good grades were evident. In two areas in particular, Berenai and Belinau, this deeper drilling not only encountered further mineralisation but also enhanced grades. This is likely to improve the overall grade of the deposit when an updated resource is produced. A total of 13,486 metres of largely diamond core resource drilling had been completed as of 15 February 2011 when this program ended. The results of the last holes will be announced as soon as they are all available.

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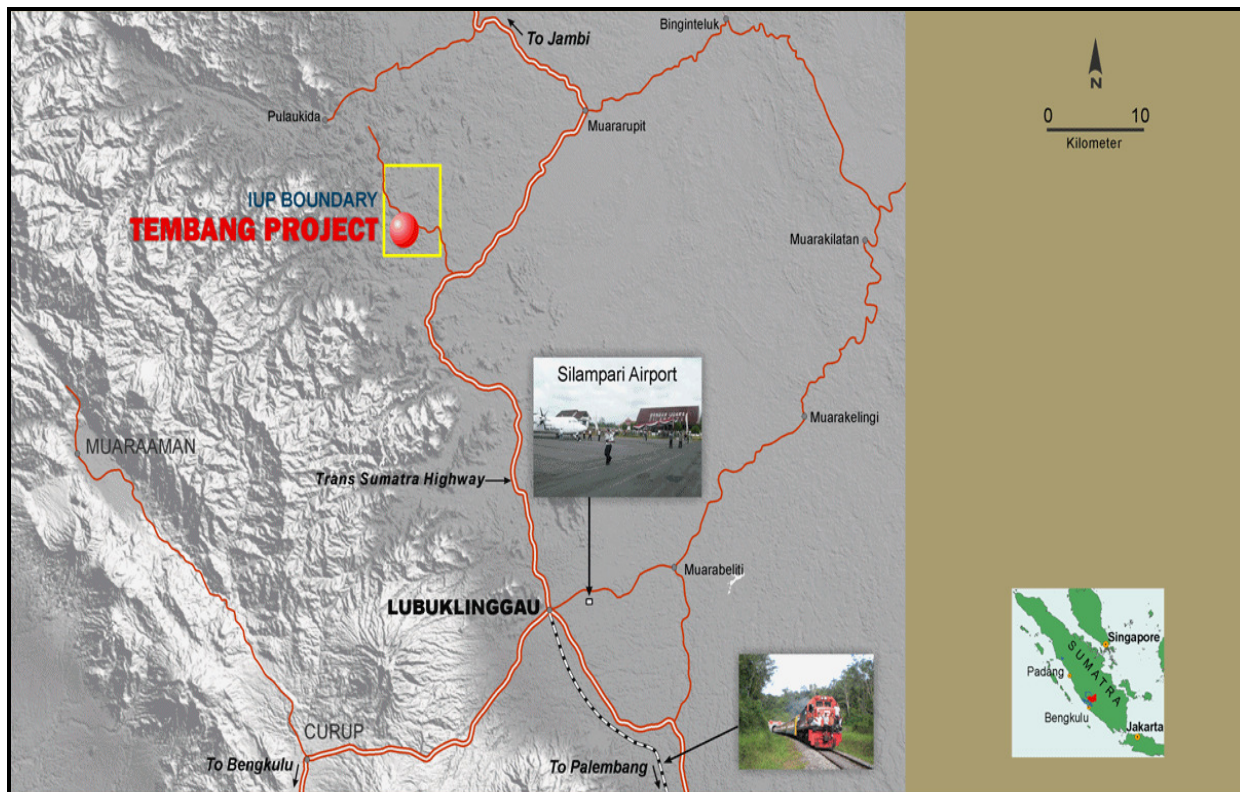
Sumatra plans to publish an updated resource statement in mid March. In-fill drilling to further delineate and define the resource and to upgrade the JORC resource categories for the definitive resource statement has started.

As drilling results have been received the Company's in house resource geologists have been updating the data base. Utilising provisional numbers, pit optimisations at US\$1,000 and US\$1,250 per ounce gold at various throughputs +/-1,000,000 tonnes per annum have been carried out and show a potentially robust project with more than a 10 year life. Prior operating results when Tembang was mined between 1997 and 2000 and metallurgical testwork conducted by Sumatra suggest that recoveries of approximately 90% can be expected from conventional gravity/CIL processing. Technically it looks to be a low risk project with many advantages from it being a brownfields site.

### Planned Program and Timetable

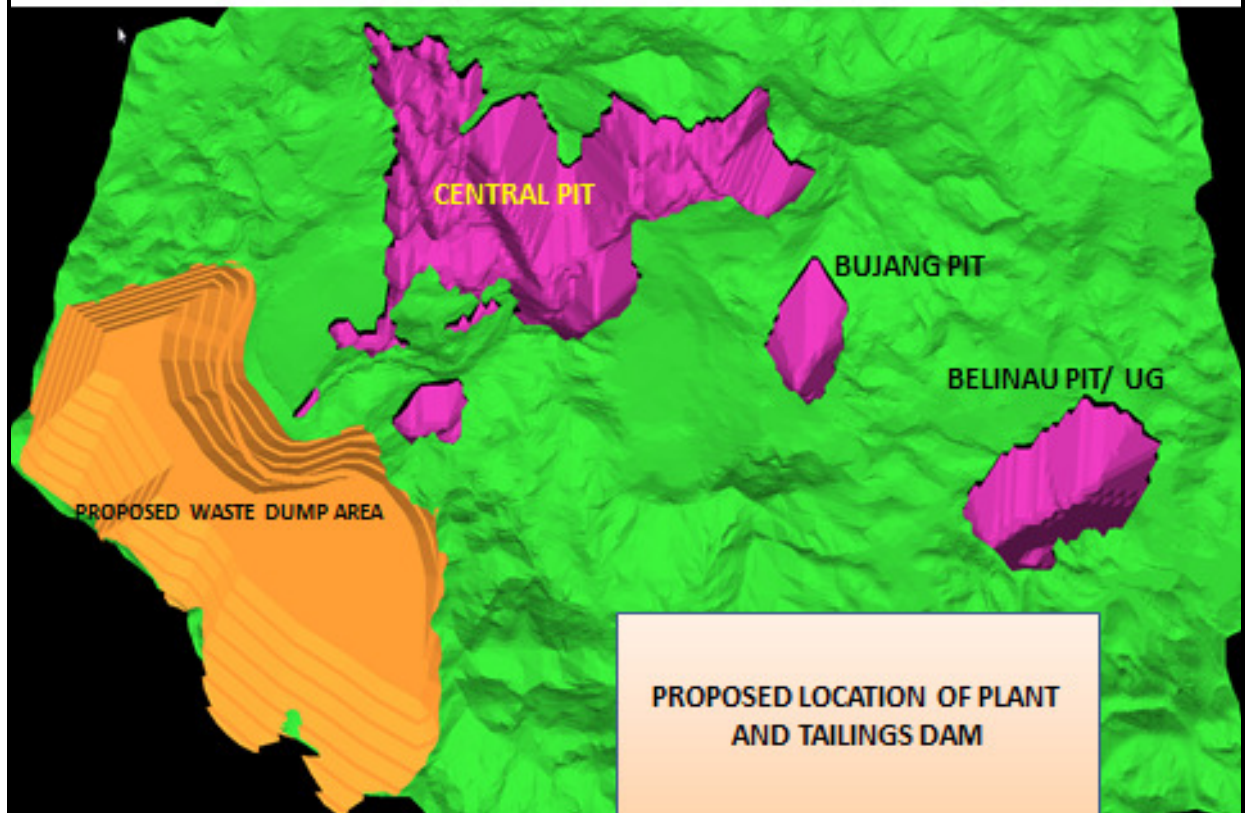
The Company plans to complete pre-feasibility studies by mid-2011 so that a definitive feasibility study can then be commissioned. The considerable amount of previous pre-feasibility work already undertaken by the Company in 2008 and 2009 prior to its IPO, particularly drilling, base line studies and metallurgical testwork, will facilitate this process. Following the resource update due in mid-March, a definitive mining strategy can be developed. This may include a plan for mining the high grade Belinau lode partly or wholly by underground means. An outside consulting firm has been engaged to investigate the viability of this option and the results will be to hand shortly. 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



Sumatra's Managing Director, Jocelyn Waller comments:

"A largely very successful drilling program at Tembang and current buoyant gold and silver prices look to have given this project the additional quality ounces to encourage us to expedite this project's development. It has the makings of a very profitable mid-sized mine and would be the making of the Company. We will continue to explore our extensive land holdings in Sumatra but developing Tembang will now be our primary focus."

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Yours faithfully

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Chairman

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