

Sumatra Announces Equity Funding Package for Development of Tembang Gold Project

Company on track to join the ranks of Indonesian gold producers next year with the backing of its powerful cornerstone investor

Key Points

- Respected Indonesian investment group Provident Capital to underpin equity funding for construction of Tembang Project.
- Provident or its nominees to take up a placement of 38 million Sumatra CDI's at 22 cents per Sumatra CDI, to raise A\$8.36 million.
- The Funds raised will be used to repay Macquarie Debt and maintain The Tembang Project development schedule.
- Provident will also underwrite a 1-for-3 entitlements offer to be undertaken in April/May 2013, to raise approximately A\$20 million.
- Tembang will be fully funded for the Tembang development following the announcement of a USD35m senior project debt facility on 21 February 2013.
- Final project permitting on track for completion in Q1 2013, clearing the way for construction to commence this year.

Sumatra Copper & Gold plc ('Sumatra' or 'the Company') is pleased to announce that it has reached agreement (subject to documentation) for a comprehensive debt & equity funding package of approximately **A\$63 million**¹, underpinned by its major shareholder and cornerstone investor, Provident Capital Partners Pte Ltd ("Provident"), to develop its 100%-owned Tembang Gold-Silver Project in southern Sumatra, Indonesia.

The funding package is to be provided by Provident, which is a powerful and respected Indonesian investment group, further cementing the strong strategic relationship between the two companies. Provident currently holds a cornerstone 26 per cent stake in Sumatra.

The funding package comprises three components:

- a fully underwritten placement of 38 million Sumatra CDI's to raise **A\$8.36 million**, with Provident agreeing to take up the full placement but having the right to allot some of these CDIs to other long-term Indonesian-based investors; and
- a **one for three pro rata non-renounceable entitlements offer**, to be undertaken in April/May 2013 to raise approximately **A\$20 million**; and
- **USD35 million** project funding from Credit Suisse AG.



Directors

Warwick Morris
Non-Executive Chairman

Julian Ford
Managing Director and CEO

Adi Sjoekri
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Jocelyn Waller
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Provident has agreed (in-principle and subject to final documentation) to underwrite 100% of the shortfall from this offer.

The signing of the in-principle agreements with Provident follows the announcement that Sumatra has received credit approval from Credit Suisse AG for USD35 million in senior debt finance facilities to cover the debt funding requirements of the project. The agreements with Provident are subject to final documentation, which the Company is in the process of preparing.

The Placement of 38 million CDI's to raise A\$8.36 million will allow the repayment of the A\$5 million Macquarie debt facility plus approximately \$0.5 million in interest which has accumulated over the past year and is due at the end of March 2013. The remaining funds plus the existing cash reserves of approximately A\$5 million, will allow Sumatra to maintain the current project development schedule ahead of the final forestry permit expected at the end of March 2013.

Under the terms of the USD35 million debt facility with Credit Suisse announced yesterday, Sumatra is required to raise a minimum \$20 million in equity and complete the final forestry permitting process. This equity funding package will thus clear the way for financing and development of the Stage 1 Tembang Project to proceed.

Stage 1, which involves total pre-production capital of USD40 million, is scheduled to produce 30,000oz per annum of gold and 200,000oz per annum of silver at a forecast C1 cash cost of USD487/oz. The excess capital, cash reserves available after drawdown of the debt finance will be used to provide working capital, fast track the development of Stage 2 and provide contingency cash reserves for the Tembang development.

Stage 1 Production is scheduled to commence in 2014. Stage 2, which is planned to commence in 2015, will see production expand to 50,000oz per annum of gold and 500,000oz per annum of silver.

For further information on Stage 1 and 2 production and costs please see the announcement dated 10th Sept and 24th Sept 2012 respectively.

Sumatra recently lodged the submission for the final "Borrow and Use" permit or "*Pinjam Paka*" for the project and is currently in the final stages of permitting.

CDI Placement

Provident and Sumatra intend to finalise a CDI subscription agreement shortly containing the following terms:

Number of CDI's: 38,000,000

Subscription Price: The CDI Price for the placement is 22 cps.

Provident has undertaken to take up the full Placement of 38,000,000 CDI's, however some of these CDI's may be taken up and allotted to other long-term investors.

Entitlement Offer to Shareholders

Sumatra proposes to undertake an entitlement offer to all eligible shareholders on the basis of one New CDI for every three CDI's held on the record date to raise approximately A\$20 million (**Entitlement Offer**).

The entitlement offer will only proceed subject to completion of the placement outlined above.

Subject to entry into of formal documentation and agreement on outstanding issues, Provident has agreed to underwrite 100% of the New CDI's not taken up by the Company's Shareholders under the Entitlement Offer

The Company will provide further details of the entitlement offer (together with a timetable) in due course.

Management Comment

Sumatra's Managing Director, Mr Julian Ford, said the funding package had been structured to complement the timing of the final permitting process for the Tembang project, with the entitlement offer expected to be completed by the end of May.

"This is a pivotal moment for Sumatra and for the development of the Tembang Project. We are absolutely delighted that our major shareholder Provident Capital has agreed to underpin this equity raising, both through an initial placement and by fully underwriting the subsequent entitlement offer. Provident's support for the Project is demonstrated by their willingness to subscribe for shares at a premium whilst most junior miners are forced to accept substantial discounts when placing stock in today's market."

"Since coming onto our share register last year, Provident has provided invaluable assistance to us in operating in Indonesia and they continue to provide highly valuable strategic, financial and technical support. Their reputation and track record as a highly successful private equity group in Indonesia is impeccable."

"We are looking forward to continuing to work with, Gavin Caudle, and his team and partners to oversee the successful development and commissioning of a substantial new Indonesian gold mine."

"We are also pleased that all existing shareholders will have the opportunity to participate in this milestone capital raising, enabling them to increase their exposure to the Company by taking up their entitlements ahead of our move into production."

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About Sumatra Copper & Gold

Sumatra Copper & Gold plc (ASX: SUM) is an emerging gold and silver producer and the pre-eminent precious metals explorer in southern Sumatra, Indonesia. The Company has a significant project portfolio covering an area of more than 3,200km² and encompassing a pipeline of projects ranging from greenfields exploration projects to brownfields, near-production opportunities.

Sumatra's flagship asset, the 100%-owned Tembang Gold-Silver Project, is on track for production during 2014. Tembang has Proven Reserves of 2.4Mt at 2.5 g/t Au and 38.7 g/t Ag for a total of 0.2Moz of gold and 3Moz of silver and Probable Reserves of 3.1Mt at 2.1 g/t Au and 25.6 g/t Ag for a total of 0.2Moz of gold and 2.5Moz of silver (total of 0.4Moz of gold and 5.5Moz of silver) which are compliant with the 2004 JORC Code.

The Stage 1 production plan is a low-cost, high-grade operation targeting 400,000 tonnes per annum (tpa) process capacity to produce 30,000oz per annum of gold and 200,000oz per annum of silver. Sumatra plans to fund the Stage 2 upgrade from cash flow, increasing throughput to 900,000tpa and production to 50,000oz of gold per annum and silver production to 500,000oz per annum. The ramp-up is expected to take place over a one year period. The current life-of-mine plan is for 7.5 years based on the current resource inventory.

Under a joint venture with Newcrest Mining Ltd, Sumatra is currently exploring the Tandai project (30% Sumatra; 70% Newcrest). Newcrest has already met its minimum expenditure position of US\$1.75 million and has an option to earn a 70% interest by spending US\$12 million over 5 years. Sumatra has identified significant gold mineralisation at Tandai, which has historic high-grade production of 1.4Moz ounces gold.



Sumatra also has the 100%-owned Sontang Project, which is an early-stage high-grade zinc, gold and silver exploration project.

Competent Person's Statement – Mineral Resources

The information relating to Mineral Resources in Table 9 is based on information compiled by Mr David Stock MAusIMM who is an independent Geological Consultant to the Company and is a Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves' 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. In addition, the Mineral Resource estimates were reviewed by Mr Robert Spiers who is a member of AIG and a full time employee of Hellman & Schofield Pty Ltd. Mr Spiers 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'.

Competent Person's Statement – Ore Reserves

The information in this report that relates to Open Pit and Underground Ore Reserves is based on information compiled by Mr Shane McLeay of Entech Pty Ltd, who is a Fellow of the Australasian Institute of Mining and Metallurgy. Mr McLeay 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'. Mr McLeay consents to the inclusion in this report of the matters based on his information in the form and context in which it appears.

ⁱ A\$63 million comprises A\$8.36m placement, A\$20m raised from a 1-3 entitlements offer and ~A\$34.17 million project funding from Credit Suisse AG (USD35m@ 1.0244)