



ASX ANNOUNCEMENT

16 April 2012

(13 pages by email)

TEMBANG PROJECT OPTIMISATION

Sumatra Copper & Gold plc ('Sumatra' or 'the Company') is pleased to confirm Optimisation Studies for its wholly-owned Tembang gold and silver project, located in southern Sumatra, Indonesia have identified key changes to the Stage 1 mining strategy, resulting in significant improvements to the Pre-feasibility Study ('PFS') (ASX announcement, 23 February 2012).

Key Changes to Stage 1 Mining Strategy:

- A new Belinau open pit and a new underground mine plan.
- Inclusion of additional open pit material from the Asmar deposit (Figure 1).
- Doubling the mill capacity from 200,000 tpa to 400,000 tpa.

Optimisation Study Highlights:

- Estimated 55% reduction in mining pre-production capital from US\$22 million to US\$10 million.
- 39% increase in gold equivalent ('AuEq') Life of Mine ('LOM') production plan from 134,000 ounces AuEq to 186,000 ounces¹ AuEq. The current LOM 5 year production target includes an additional 34,000 ounces¹ AuEq contained within the Inferred Resource category.
- Lead time to full commercial production ramp-up reduced from 1 year to 6 months.
- Initial open pit mining at Belinau will allow up to one year to prepare for underground operations, providing sufficient lead time to secure new underground equipment.
- New portal provides early access to underground ore via in-pit adits, reducing underground capital development costs.
- Addition of Asmar oxidised ore to the mine plan increases mine life from 3 years to 5 years.
- Acquisition of 1996 MinProc process plant designs is expected to significantly reduce construction time and costs for the proposed 400,000 tpa processing plant.

Sumatra Managing Director Julian Ford said "The optimisation work completed thus far has shown the project continues to show significant upside. The Stage 1 Definitive Study is well underway and I look forward to providing regular progress updates."

¹ Refer to the LOM Table on page 3 for the material included in the current LOM plan.

“Our two stage development plan at Tembang is based on a strategy to reduce upfront capital costs, fund development and expansions from cash flow, and to reduce Stage 1 risk by keeping it relatively small and simple. Our experienced senior management team now in place is delivering and will continue to deliver substantial improvements to the PFS announced in February 2012.”

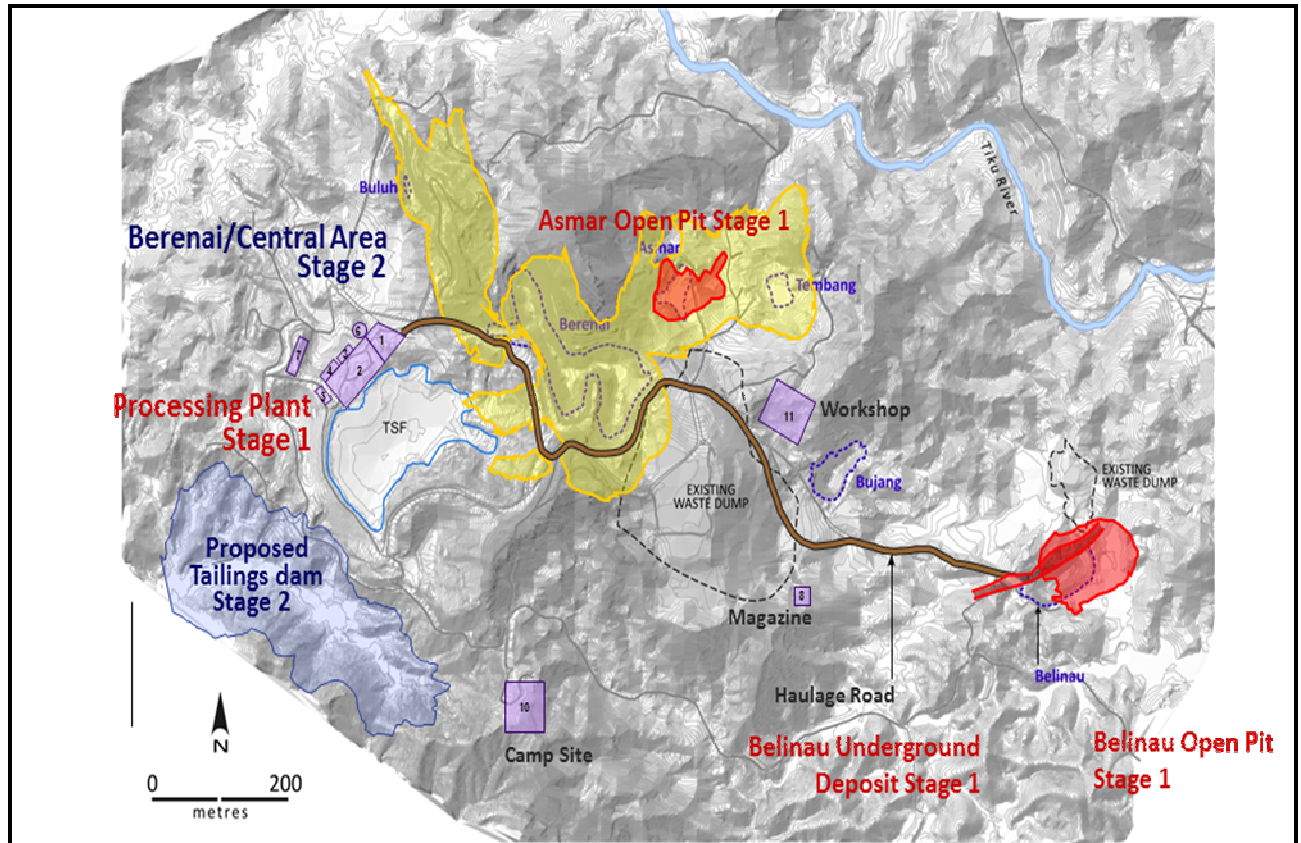


Figure 1 - Stage 1 pits Belinau and Asmar (highlighted in red)

TEMBANG STAGE 1 MINING STRATEGY

An Ore Reserve of 1.93 million tonnes is expected to be mined out of the Belinau (Figures 2 and 3) and Asmar deposits (Figure 4) to produce 186,000 ounces¹ AuEq. The current LOM 5 year production target of 2.2 million tonnes ('Mt') includes an additional 34,000 ounces¹ AuEq contained within the Inferred Resource category. The Inferred Resource currently falls within the existing pit shell or planned underground production area but has insufficient drill density to allow its classification as a Measured or Indicated category. The Company plans to drill this out in the normal course of its mining operations.

Both the Belinau and Asmar pits will commence at the same time with Belinau providing around 75% of production and Asmar contributing an estimated 25% oxide blend to the mill. On completion of the Belinau main pit (Phase 1) underground development will commence while the mining fleet moves to ramp up production in the Belinau cutback (Phase 2).

It is anticipated that both Belinau and Asmar will be mined using the same mining fleet. On completion of the Belinau open pit; Asmar will provide an oxide mill feed blended with the high grade harder Belinau underground ore. The strategy of delivering ore to the mill from two production sources, open pit and underground, is expected to provide both flexibility and continuity of ore supply. Estimated mine life for Stage 1 is 5 years.

By initially commencing open pit mining at Tembang, the Company expects to significantly reduce the mining pre-production capital requirement from the initial PFS estimate of US\$22 million to an estimated US\$10 million. Open pit mining in Indonesia is well supported with local expertise and international equipment suppliers such as Komatsu and Caterpillar. Firm costings on mining the Belinau and Asmar pits using experienced local open pit mining contractors are expected to be received during the current quarter. The Company is also evaluating an owner miner option using hire equipment to further reduce operating costs and upfront capital costs.

Tembang STAGE 1 – LOM Plan	
LOM Production Target ¹	2.2 Mt
Reserves and Resources contained within the LOM Production Target	
Proven and Probable Reserves ² Inferred Resource ³	1,930,000 t @ 2.4 g/t Au and 29.0 g/t Ag for 186,620 ounces AuEq 272,000 t @ 3.2 g/t Au and 33.4 g/t Ag for 33,840 ounces AuEq
Maximum pit depth – Belinau – Asmar	90 metres 65 metres
Overall open pit strip ratios Belinau Asmar	1:30 1:4
Overall wall slope angle	42 degrees
Mill production rate	400,000 tpa
LOM Production Target based on Reserves (88%) and Resources (12%)	5 year Mine Life

Table 1 – Stage 1 LOM physical summary

Notes on Table 1:

1. The LOM Production Target is made up of material which is both in Reserves (88%) and Inferred Resources (12%). The LOM Plan is used for planning tails storage facilities, mill throughput and infrastructure requirements and uses the Ore Reserve as its economic justification.
2. The detailed Proven and Probable Reserves are shown in Appendix 1, Table 1 and Table 2.
3. The Inferred Resources included in the LOM Plan have been evaluated using all mine modifying factors. The current drill density for this Inferred Resource does not however allow for conversion to the Indicated category and subsequently to a Reserve category.

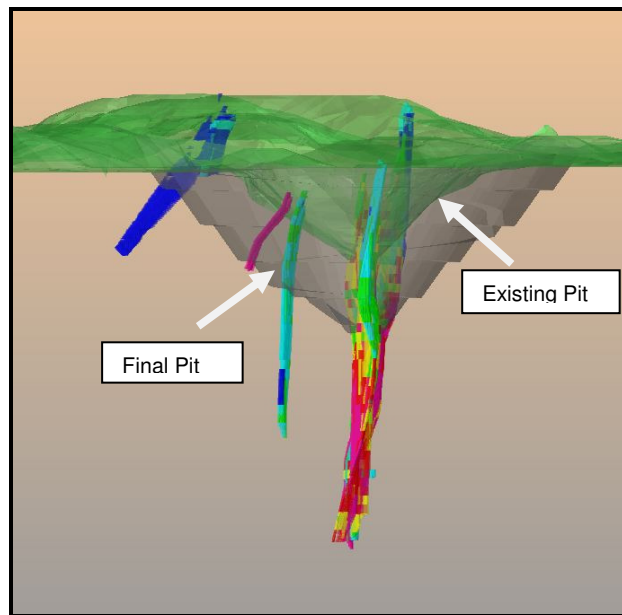


Figure 2 - Sectional view of the proposed final Belinau pit

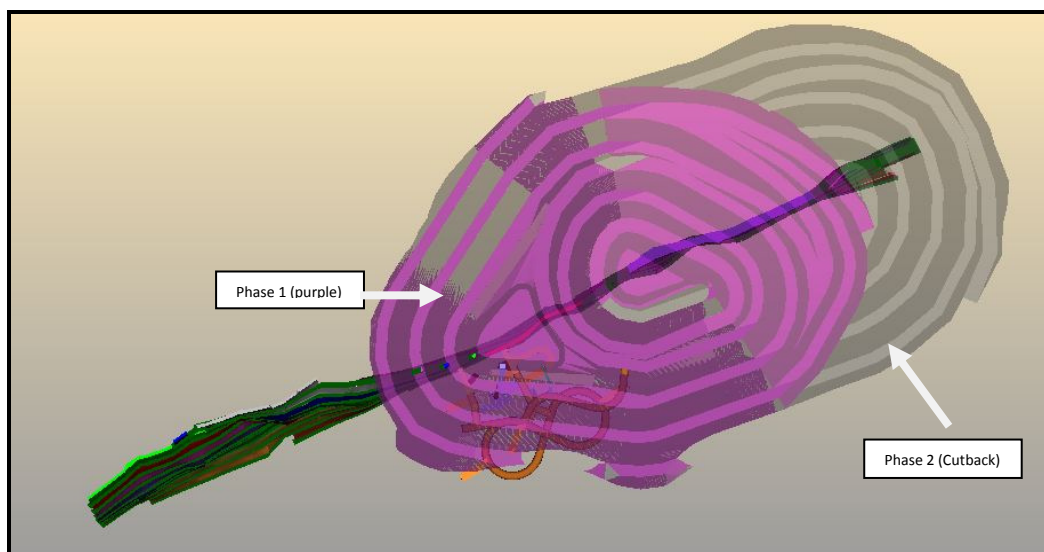


Figure 3 - Plan view of final Belinau open pit mined in two phases

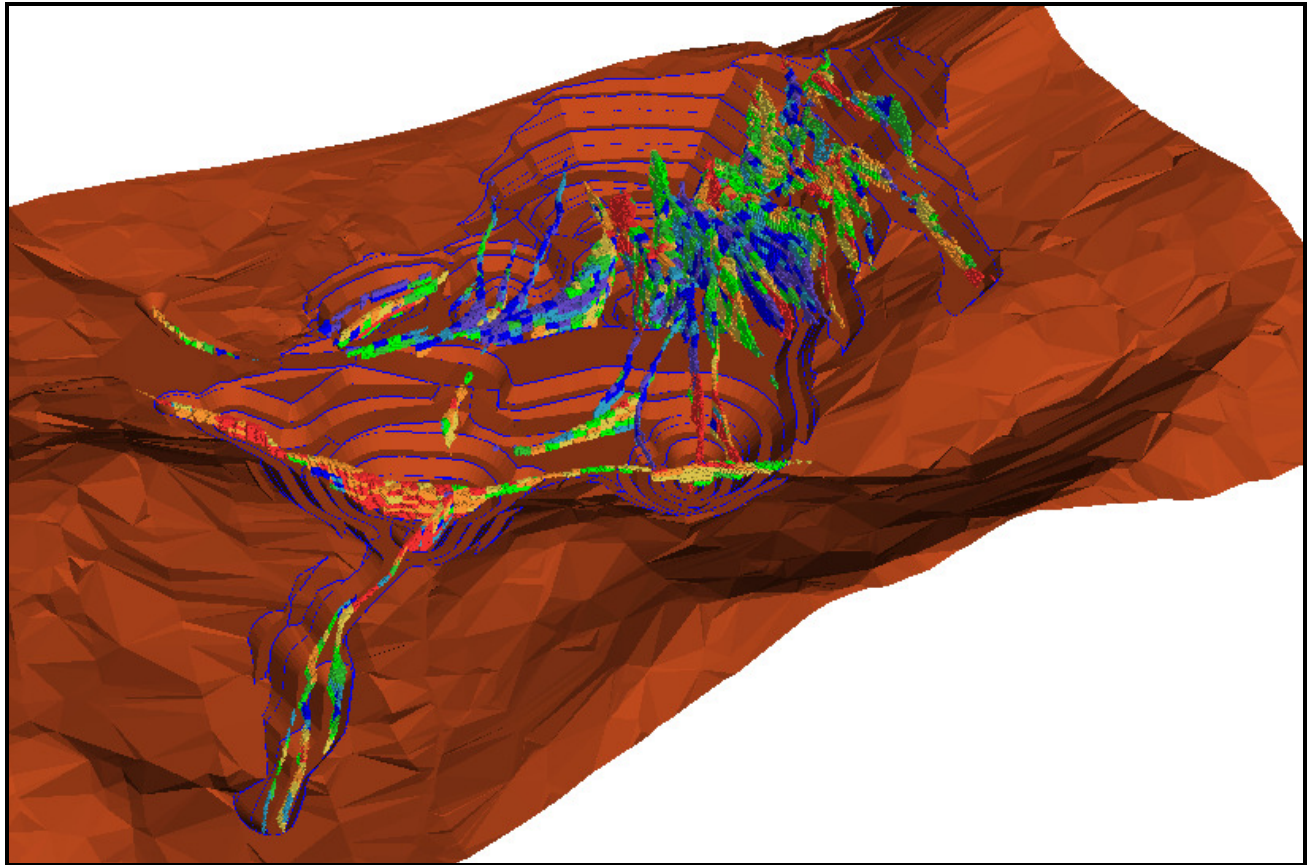


Figure 4 - Stage 1 Asmar open pits showing mineralised gold and silver veining

NEW UNDERGROUND MINE PLAN

Following the success of the open pit optimisations, a new underground mine design (Figure 5) has been completed incorporating an in-pit portal access and new ventilation and mining methodology. The new underground mine design is expected to have the following positive impacts:

- Access to underground now from open pit in contrast to a surface boxcut.
- Access to upper level production drives via in-pit adits with no capital development required.
- Easy and less costly ventilation system linked into the pit, removing the requirement for costly vertical development through to surface.
- Reduction in decline capital development by an estimated 540 metres.
- Reduction in lateral capital development by an estimated 150 metres.
- Increased application of low cost handheld mining methods.

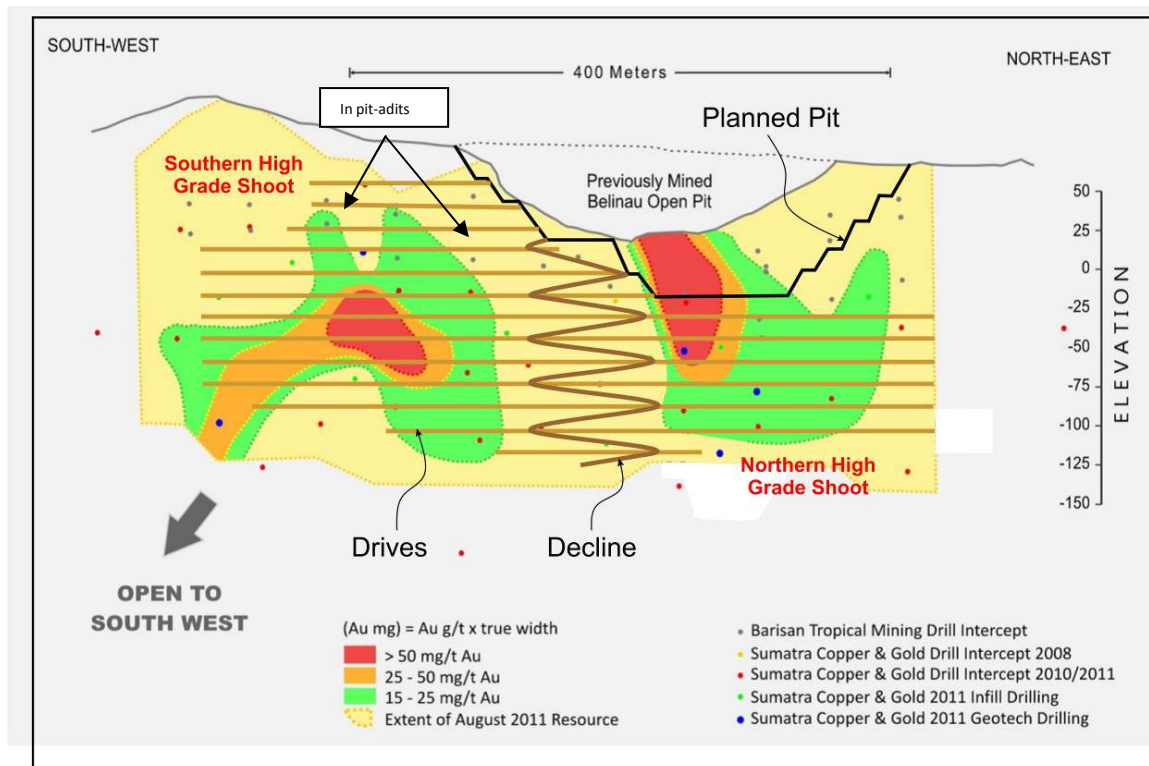


Figure 5 - Sketch showing optimised pit, portal access and in-pit adits (not to scale)

Underground Mining Method

The cost of labour in Indonesia is relatively low and subsequently the strategy is to develop a hybrid mining methodology using narrow vein mechanised development with low cost handheld mining applications. A strategy derived from the successful Way Linggo operations approximately 120 kilometres south east of Tembang operated by Kingsrose Mining Limited.

Access to the mineralised zone will be via a 5 metre wide x 5 metre high decline developed at a gradient of 1:7. Production levels, which will be accessed at 15 metre vertical intervals, will be 3.5 metre wide x 4 metre high and will be developed using a narrow vein single boom jumbo. The drives will then be benched to 3 metre depth by handheld miners. Longhole stoping using the single boom jumbo will be undertaken between levels and an Avoca style backfill of waste rock to allow mining of the next lift.

Crown pillars will be left every 4 levels and later extracted by underhand mining below cemented rock pillars. The mining method described here allows for an early extraction of 47% of ore prior to commencing the bottom up stoping sequence between crown pillars.

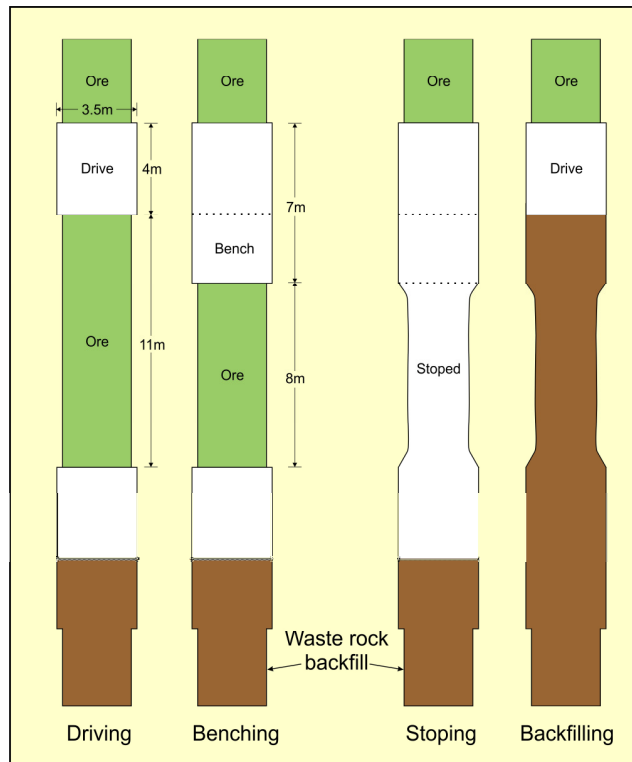


Figure 6 - Underground mining method sequence

Completion of the final mine plan including scheduling and updated costs are expected this quarter. The Company is on track to complete the Definitive Feasibility Study ('DFS') in July 2012.

FURTHER OPTIMISATION WORK

Geotechnical drilling is scheduled at both Belinau and Asmar this quarter as part of the DFS, resulting in the determination of final wall slope angles. In the interim, a conservative 42 degrees overall slope angle has been assumed, however, once the pit reaches fresh rock there is potential to steepen the wall angles, particularly at Belinau where the strip ratio is expected to reduce significantly.

Mill Design and Optimisation

The Company is currently in the process of completing capital and operating cost estimates for the construction of a 400,000 tpa conventional Carbon in Leach ('CIL') plant for Stage 1 as part of the DFS.

The Company recently acquired the original 1996 Laverton Gold NL, CIL process plant design from AMEC. This plant operated exceptionally well with high availability, and with excellent gold and silver recoveries. In addition, the original foundations and civil works from the original plant are also in relatively good condition and their reuse would deliver significant cost savings and reduced construction time. The plant operated for 4 years and produced approximately 150,000 ounces of gold until its closure in 2000. The original plant was designed for a 600,000 tpa processing rate.

AMEC are also evaluating the areas where modern upgrades to the original design used in 1996 could be further improved. The Company is also evaluating opportunities to build the majority of the plant in Indonesia, while staying with the modular design for key areas where the construction period is critical. The final optimised design will be completed this quarter as part of the DFS when the detailed mine production schedules become available.

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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. It has a significant greenfields to brownfields project portfolio covering more than 3,200 km².

Sumatra's 100%-owned Tembang project is on track for production during 2013. It has Proven and Probable Reserves of 5.5 million tonnes at 2.3 g/t Au and 31.4 g/t Ag for a total of 0.4 million ounces of gold and 5.5 million ounces 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 process capacity to produce 40,000 to 45,000 per annum gold equivalent. Stage 1 will comprise only 18% of the project's total gold Resource base.

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 found significant gold mineralisation at Tandai, which has historic high grade production of 1.4 million ounces gold.

Sumatra continues work at its wholly-owned Sontang Project, which is a high grade greenfields exploration project.

Appendix 1: Tembang Project April 2012 Ore Reserve Statement Summary

Table 1: Reserve Statement

Deposit	Reserve Category	Tonnes (kt)	Grade Au (g/t)	Contained Gold (oz)	Grade Ag (g/t)	Contained Silver (oz)
Asmar	Proved	650	1.7	35,000	24.0	498,000
	Probable	1,230	1.3	49,000	20.5	808,000
Berenai	Proved	910	2.0	60,000	40.8	1,195,000
	Probable	980	2.1	67,000	23.6	740,000
Buluh	Proved	560	2.5	45,000	40.9	735,000
	Probable	400	2.0	26,000	29.0	374,000
Aidit	Proved	-	-	-	-	-
	Probable	20	3.1	2,000	44.6	30,000
Bujang	Proved	140	4.2	19,000	52.1	238,000
	Probable	50	2.3	4,000	26.0	40,000
Belinau open pit	Proved	90	5.5	16,000	68.4	196,000
	Probable	60	3.4	6,000	53.2	97,000
Belinau underground	Proved	50	8.7	15,000	74.1	130,000
	Probable	360	5.0	59,000	39.3	458,000
Total	Proved	2,400	2.5	190,000	38.7	2,991,000
	Probable	3,090	2.1	213,000	25.6	2,547,000
	Total	5,490	2.3	403,000	31.4	5,539,000

Notes on Appendix 1, Table 1:

- Ore Reserves are the economically mineable part of Measured and/or Indicated Resources and include diluting materials and allowances for losses which may occur. Ore reserves are quoted as a subset of mineral resources.
- Metal price assumptions for ore reserves are US\$1,500 per ounce of gold and US\$30 per ounce of silver at a processing rate of 1.0 Mtpa for Asmar, Berenai, Buluh, Aidit and Bujang with Belinau processed at 0.4 Mtpa.
- The economic cut-off grade for reporting the open pit Ore Reserves is 0.7 g/t gold.
- The economic cut-off grade for reporting the underground Ore Reserves is 3.4 g/t gold.
- Reserves include 10% dilution with barren wallrocks and 95% ore recovery.
- There are no known environmental, permitting, legal, taxation, political or other relevant issues that would materially affect the estimates of the Ore Reserves.
- Due to rounding of figures small discrepancies may exist.

Table 2: Asmar Stage 1 Ore Reserve used in Stage 1 - LOM plan

Deposit	Reserve Category	Tonnes	Grade Au (g/t)	Contained Gold (oz)	Grade Ag (g/t)	Contained Silver (oz)	Grade AuEq (g/t)	Contained AuEq (oz)
Asmar (Stage 1)	Proved	520,000	1.5	25,000	22.1	369,000	1.9	32,000
	Probable	850,000	1.1	30,000	19.4	531,000	1.5	41,000
	Total	1,370,000	1.3	55,000	20.4	900,000	1.7	73,000

Notes on Appendix 1, Table 2:

- The Asmar Stage 1 Ore Reserve is a sub-set of the original Ore Reserve previously announced.
- Metal price assumptions for Asmar and Belinau ore reserves are US\$1,500 per ounce of gold and US\$30 per ounce of silver at a processing rate of 0.4 Mtpa.
- The economic cut-off grade for reporting the open pit ore reserves is 0.7 g/t gold.
- Reserves include 10% dilution with barren wallrocks and 95% ore recovery.
- There are no known environmental, permitting, legal, taxation, political or other relevant issues that would materially affect the estimates of the Ore Reserves.
- Due to rounding of figures small discrepancies may exist.

Appendix 2: Resources in Current LOM for Stage1

Table 1: Inferred Resources used in Stage 1 - LOM plan

Deposit	Resource Category	Tonnes	Grade Au (g/t)	Contained Gold (oz)	Grade Ag (g/t)	Contained Silver (oz)	Grade AuEq (g/t)	Contained AuEq (oz)
Belinau open pit	Inferred	17,000	2.5	1,000	43.1	24,000	3.4	2,000
Belinau underground	Inferred	68,000	8.7	19,000	72.4	159,000	10.0	22,000
Asmar open pit (Stage 1)	Inferred	187,000	1.4	8,000	18.7	112,000	1.7	10,000
	Total	272,000	3.2	28,000	33.4	292,000	3.6	34,000

Notes on Appendix 2, Table 1:

- The Stage 1 LOM plan is for the purposes of planning for Life of Mine activities such as tails storage facilities, mill production rates and equipment life.
- The Inferred Resource included in the LOM has been assessed for modifying mine factors, but that there is currently insufficient drill density to allow the Inferred Resource to be stated as an Indicated Resource and thus be quoted as a Reserve.
- It is the Company's intention to carry out further drilling in the future to allow further assessment of the Inferred Resource with the aim of converting this Resource into the Indicated Resource category.
- Due to rounding of figures small discrepancies may exist.

Appendix 3: Tembang Mineral Resource as announced on 15 August 2011.

Tembang Mineral Resource August 2011 Reported to JORC Code Standards

		Belinau Above 2.78g/t Underground Cut-Off				
BELINAU VEIN		Ktonnes	Au g/t	Ag g/t	Au koz	Ag koz
	Measured	149	7.22	75.5	35	361
	Indicated	266	8.02	67.9	69	580
	Inferred	72	10.50	81.4	24	188
	Sub-Total	487	8.14	72.2	127	1,130

		All Veins Excluding Belinau Above 0.5g/t Open Pit Cut-Off				
OTHER VEINS		Ktonnes	Au g/t	Ag g/t	Au koz	Ag koz
	Measured	2,598	2.27	37.8	190	3,156
	Indicated	4,423	1.80	25.6	256	3,637
	Inferred	3,554	1.80	20.3	202	2,319
	Sub-Total	10,575	1.91	26.8	648	9,112

		PSV Material Above 0.3g/t Open Pit Cut-Off				
PSV		Ktonnes	Au g/t	Ag g/t	Au koz	Ag koz
	Measured	-	-	-	-	-
	Indicated	11,323	0.54	6.9	198	2,523
	Inferred	194	0.50	4.6	3	29
	Sub-Total	11,517	0.54	6.9	201	2,552

		Combined Total Resource Open Pit + Underground				
ALL		Ktonnes	Au g/t	Ag g/t	Au koz	Ag koz
	Measured	2,747	2.54	39.9	224	3,517
	Indicated	16,012	1.02	13.1	522	6,741
	Inferred	3,820	1.90	20.7	229	2,536
	Total	22,579	1.35	17.6	976	12,794

Note: Rounding errors may occur, reporting cut-offs as indicated, significant figures do not imply any added level of precision.

Competent Person's Statement – Mineral Resources

The information in this report that relates to Mineral Resources 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 – Open Pit and Underground 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 Member 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.

Gold Equivalent reporting

Gold Equivalent = gold assay + (silver assay / 50) where the number 50 represents the ratio where 50 g/t Ag = 1 g/t Au. This ratio was calculated from the average of the 12 months of Financial Year 2011 from July 2010 to June 2011 taken from published World Bank Commodity Price Data and rounded up from 47 to 50.

(<http://econ.worldbank.org/WBSITE/EXTERNAL/EXTDEC/EXTDECPROSPECTS/0,,contentMDK:21574907~menuPK:7859231~pagePK:64165401~piPK:64165026~theSitePK:476883,00.html>).

The metal prices thus used in the calculation are the average gold price of US\$1,500 per ounce and average silver price of US\$30 per ounce. Metal recoveries assumptions are 90% for gold and 80% recovery for silver for Belinau.