

## Tembang Development Update - Major Milestones Achieved

Sumatra Copper & Gold plc ('Sumatra' or 'the Company') is pleased to provide an update on the Forestry Permitting process for its 100%-owned Tembang Project, located in southern Sumatra, Indonesia, and key project development milestones.

### Key points:

- Director General of Forestry has approved all aspects for the Forestry permitting process and made a recommendation to the Minister of Forestry for the granting of an In-Principle Forestry Permit ("In Principle Pinjam Pakai" or "Borrow and Use Permit")
- The Company has placed an order for the SAG Mill
- First production now targeted for the first quarter 2014

### Mill Order

Sumatra has placed an order for a 1.6 MW SAG Mill with Citic Heavy industries. The SAG Mill has an order time of 42-44 weeks and is the critical path item for the development of the Tembang Project. The mill will require an initial payment of US\$75,000 with the next major payment to be made in February 2012.

### Forestry Permitting

The Company is now converting its forestry permit that allowed for exploration to a forestry permit that will allow for "borrow and use of the forestry area". This follows the granting of a 20 year mining lease in April 2012.

A new Ministerial Decree was passed in September 2012 that requires all assessments and approval of Principle Forestry Permitting to be carried out by the Director General of Forestry rather than the Secretariat for the Minister of Forestry, as was the prior arrangement.

While this new process required Sumatra to resubmit its application, the Company is pleased to report that it has already received approval from the Director General and the application has gone to the Minister for Forestry for signature for the approval of the In-principle Pinjam Pakai. The Company expects to be able to meet all conditions stipulated in the In-principle Pinjam Pakai and is targeting the first quarter 2013 for the Final Pinjam Pakai.

The granting of the Borrow and Use Forestry Permit for Tembang will be the last major permitting hurdle required for the development of the Tembang Project. The Tembang Project was previously permitted and compensated however the previous COW over the Tembang Project lapsed in 2004.



### Directors

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Non-Executive Chairman

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The Company has previously announced that the In-Principle Pinjam Pakai would have been received by late November and that it would have the Final Pinjam Pakai by the end of 2012, which in turn would have seen production starting by late 2013. The Company reports that the delays brought about by submitting a new application have pushed these dates out and the forestry permitting process is now likely to be completed during the first quarter of 2013, which means the planned plant commissioning will now be in early 2014.

The approval process for the new Ministerial Decree (Minister of Forestry) - Permenhut No.38/2012- dated 28th September 2012, now has specific and detailed time constraints and is a "cloud" based process with online access to the public for review at <http://lpp.dephut.go.id/media.php?module=izin&sub=listing&izin=5>. Sumatra is applying for the permit under the 100% owned subsidiary PT Dwinand Nusa Palapapa.Sejahtera.

The Ministerial Decree also stipulates that tenure of the Borrow and Use Forestry Permits are now issued for 5 years rather than 20 years as was the prior case. This is to encourage and facilitate a continuous rehabilitation of disturbed ground rather than to wait until the end of a project before rehabilitation commences. The renewal of Forestry permits every 5 years will be carried out and approved by the Director General of Forestry. Lastly, the Decree also requires all mining companies operating within a Forestry Approved Pinjam Pakai to employ a technically qualified Forester. The appointment of a qualified Forester to the management team at Tembang is the only material change not anticipated by Sumatra and the Company is now fulfilling that criteria. The Company expects that it will be able to meet all other anticipated requirements of the In-principle Pinjam Pakai and should thus be in a position to apply for the Final Pinjam Pakai soon after the In-principle Permit is granted.

### **Tembang Development Milestones**

Sumatra expects that once the Final Pinjam Pakai is granted the minimum development time to production will be 9 months. As the Final Pinjam Pakai is now expected in the first quarter 2013, the target production date for Tembang is now the first quarter 2014, although the timing remains a function of the grant date of the Final Pinjam Pakai.

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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. The Company has a significant greenfield to brownfield project portfolio covering more than 3,200 km<sup>2</sup>.

Sumatra's 100%-owned Tembang project is on track for production during 2014. The Company has Proven Reserves of 2.4 million tonnes at 2.5 g/t Au and 38.7 g/t Ag for a total of 0.2 million ounces of gold and 3 million ounces silver and Probable Reserves of 3.1 million tonnes at 2.1 g/t Au and 25.6 g/t Ag for a total of 0.2 million ounces of gold and 2.5 million ounces silver (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 30,000 ounces per annum gold and 200,000 ounces per annum silver. Sumatra plans to fund the Stage 2 upgrade from cashflow which will see throughput increased to 900,000 tpa and production increased to 50,000 ounce gold per annum and silver production increased to 500,000 ounce 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 found significant gold mineralisation at Tandai which has historic high-grade production of 1.4 million ounces gold.

Sumatra also has a wholly-owned Sontang project, which is a high grade Zinc, gold and silver, greenfields 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.