



SUMATRA COPPER & GOLD PLC

REGISTERED NUMBER 5777015
ABN 14 136 694 267

INTERIM FINANCIAL REPORT FOR THE HALF YEAR ENDED 30 JUNE 2012

SUMATRA COPPER & GOLD PLC

CORPORATE DIRECTORY

DIRECTORS

Warwick George Morris (Chairman)
Julian Ford (Managing Director)
Adi Adriansyah Sjoekri (Director)
Jocelyn Severyn de Warrenne Waller (Non-Executive Director)

COMPANY SECRETARY

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Graeme Smith (Australia)

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SUMATRA COPPER & GOLD PLC

DIRECTORS' REPORT

Your Directors have pleasure in submitting their report together with the consolidated financial report of the Group, being Sumatra Copper & Gold plc ('Sumatra' or the 'Company') and its controlled entities, for the half year ended 30 June 2012 and the review report thereon.

Directors

The names of the Directors of the Company in office during or since the end of the half year are:

**Mr Warwick George Morris BSc (Hons), MSc, MAusIMM
Independent and Non-Executive Chairman**

Warwick Morris is an Australian national who was appointed to the Board of the Company in March 2008 and shortly afterwards took over as Chairman. Mr Morris graduated from Sydney University with a degree in Geology and a Master of Science in Geochemistry Research. He is a member of the Australasian Institute of Mining and Metallurgy and has more than 30 years' experience in the resources industry.

Mr Morris has most recently served as an executive director of Macquarie Bank Limited ('Macquarie'), where he has been both Chairman of the Metals and Energy Capital Division and head of Metals and Mining. In addition, he was co-founder of the Macquarie Energy Capital business, centred in Houston USA. Mr Morris has also held a directorship with Wine Planet Holdings Ltd, and was, before joining Macquarie, manager of the Mining Division of Minproc Engineers in Perth where he was responsible for managing feasibility studies into numerous gold mining projects around the world.

**Julian Ford BSc(Eng), BCom, Grad Dip (Bus. Mgt)
Managing Director**

Mr Ford is an experienced mining professional with a career spanning more than 25 years within the global resources industry. He has held senior positions within several major resource companies including Alcoa, British Gas London and Western Metals Limited and co-founded copper and gold focused exploration and development company Zambezi Resources Ltd in 2004.

Mr Ford holds a degree in Chemical Engineering from the University of Natal, a Bachelor of Commerce from the University of South Africa and a Graduate Diploma in Business Management from the University of Western Australia.

**Peter James Nightingale BEC, CA
Independent and Non-Executive Director
Resigned 15 August 2012**

Peter Nightingale is an Australian national who was appointed as a Director of the Company in October 2010. He graduated with a Bachelor of Economics degree from the University of Sydney and is a member of the Institute of Chartered Accountants in Australia. He has worked as a chartered accountant in both Australia and the USA.

As a director or company secretary Mr Nightingale has, for over 20 years, been responsible for the financial control, administration, secretarial and in-house legal functions of a number of private and public listed companies in Australia, the USA and Europe including Pangea Resources Limited, Timberline Minerals Inc., Perseverance Corporation Limited, Valdora Minerals N.L., Mogul Mining N.L. Bolnisi Gold N.L and Callabonna Uranium Limited.. Mr Nightingale is currently a director of ASX listed Augur Resources Ltd, Cockatoo Coal Limited, Planet Gas Limited and unlisted public companies Equus Resources Limited and Nickel Mines Limited.

He resigned as a Director on 15 August 2012.

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**Dr Michael Allan Price CEng, FEANI, BSc, PhD (Mining Engineering)
Independent and Non-Executive Director
Resigned 30 January 2012**

Dr Michael Price is a British national who was appointed as a non-executive Director of the Company in July 2007. Dr Price qualified with a PhD from the University of Cardiff and has over 30 years of mining and mining finance experience.

Dr Price gained financial institution experience at Rothschild, Societe Generale and Barclays Capital. He is currently a consultant and advisor to Resource Capital Funds, a resource focused private equity fund. Additionally, Dr Price has extensive board experience of junior mining companies through a number of past and present non-executive directorships.

He resigned as a Director on 30 January 2012.

**Mr Adi Adriansyah Sjoekri BSc, MSc, MBA
Director**

Adi Sjoekri is an Indonesian national who graduated with a 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 to acquire mineral tenements in Indonesia in 2006.

**Mr Jocelyn Severyn de Warrenne Waller MA (Hons) (Cantab)
Non-Executive Director**

Jocelyn Waller is a British national who is a founder shareholder and Director of the Company. He was Managing Director of the Company until 30 May 2011.

Mr Waller graduated from Churchill College, Cambridge with a Master of Arts in History in 1965 and has since spent his entire career in the mining industry. For 22 years he worked for the Anglo American group and was involved variously with tin mining (Malaysia and Thailand), copper/cobalt (Zaire), potash (UK), tungsten (Portugal), exploration and metal sales (London).

In 1989 he set up Avocet Mining plc ('Avocet') and as CEO developed the Penjom gold mine in Malaysia and listed Avocet on the London Stock Exchange. In 2000 he set up Trans-Siberian Gold ('TSG') to develop gold projects in Eastern Russia listing TSG on the AIM market of the LSE in 2003.

REVIEW OF OPERATIONS

The activities of the Group during and since the half year ended 30 June 2012 include the following highlights:

Operational Highlights

Tembang Project Development

Reserve

- Tembang Reserve of 5.5 million tonnes ore at 2.3 g/t gold and 31.4 g/t silver for a total of 513,000 ounces gold equivalent.¹
- 73% of the Measured and Indicated vein Mineral Resource converted into the Reserve category, further strengthening the Tembang project's robust economics.

Feasibility Studies

- Pre-Feasibility Study confirms Tembang as a robust and profitable project with significant improvements to come from optimisation studies.
- Re-optimised development plans indicate significantly reduced pre-development mining capital requirements, reduced cash costs and increased metal production.
- Stage 1 Definitive Feasibility Study released in September 2012, with significantly improved economics and production capacity from the Pre-Feasibility.
- Stage 2 Pre-feasibility Study expected for release in Q3, 2012.

Critical Path Permitting Approvals Completed

- 20 year mining licence approved.
- Environmental permitting ('AMDAL') approved.
- 3 of 5 milestones for critical Forestry Permitting now complete. Application is progressing through the Forestry Department.
- Negotiations for lower cost gas supply in South Sumatra for Stage 2 progressing well.

Tandai Exploration

- Tandai drilling returned an encouraging 2.0 metres @ 3.58 g/t Au and 38.6 g/t Ag from 54.0 metres from TDD12041.

Regional Exploration

- Diamond drilling for feasibility studies continued at Asmar.
- Grid based sub surface geochemical sampling was completed over southern Belinau and is in progress at Bono's Hill. Results to date show minor gold anomalies within significant zones of anomalous arsenic.
- A CSAMT survey over Tembang on-track for completion in Q3, 2012.

Corporate Highlights

- Completion of A\$5 million convertible debt finance facility with Macquarie Bank Limited.
- Subscription agreement with Provident Capital Partners Pte. Ltd.
- Mr Julian Ford appointed as Managing Director.
- Appointment of Mr Don Harper as Tembang Project Mine Manager.

Financial Highlights

- The Group loss for the period was £688,159.
- At end of the period the Group's cash was £2,094,789.
- The Group's expenditure on exploration and evaluation costs in the period was £1,652,055.
- Subscription agreement finalised in September 2012 raises A\$3.78 million

Operational Activities

Tembang

The Tembang project is located approximately 120 kilometres north-northeast of Bengkulu in South Sumatra province. The Company has rights to an IUP with an area of 100 km² over and around the old mine-site.

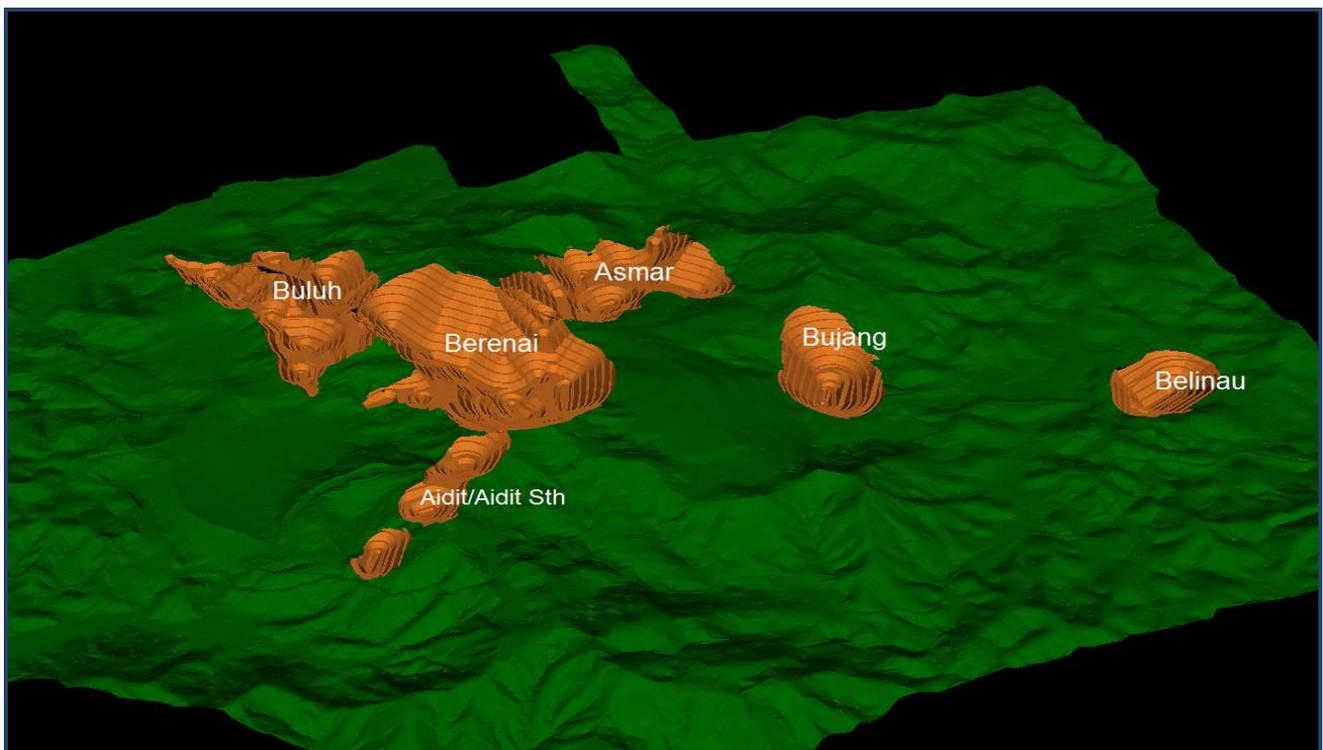
Tembang Project Reserve

In April Sumatra announced a JORC Code compliant Ore Reserve of **5.5 million tonnes ore at 2.3 g/t gold and 31.4 g/t silver for a total of 513,000 ounces gold equivalent** for the Tembang project. This includes an open pit Ore Reserve of 5.1 million tonnes at 2.0 g/t gold and 30.4 g/t silver and an underground Ore Reserve of 0.4 million tonnes at 5.5 g/t gold and 43.5 g/t silver.

73% of the Measured and Indicated vein Mineral Resource converted into the Reserve category, strengthening the Tembang project's robust economics.

Further upside remains through some additional Peripheral Sheeted Vein ('PSV') mineralisation which falls within the pit designs but is excluded from contributing to the Ore Reserve. The Company recognises that the PSV mineralisation will be better defined from grade control drilling during open pit mining when dilution and grades can be better estimated.

The total Ore Reserve is based on the Tembang Mineral Resource published in August 2011. The Ore Reserve includes the Asmar, Berenai, Buluh, Aidit, Bujang and Belinau deposits.



Plan view of the Tembang project open pit deposits

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DIRECTORS' REPORT

| 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 |

Table 1 - Tembang project April 2012 Ore Reserve statement summary

Information relating to the Ore Reserve

The modifying factors used for Tembang Ore Reserve were based on pre-feasibility studies ('PFS') completed by Snowden Mining Consultants ('Snowden') in 2009 and Runge International ('Runge') in 2011.

- The Snowden's report used a gold price of US\$1,000 per ounce; while the Runge report used a gold price of US\$1,500 per ounce gold and a 1Mtpa Carbon in Leach processing plant. The underground mining modifying factors were based on the recently announced PFS.
- 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.
- 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. There are no known environmental, permitting, legal, taxation, political or other relevant issues that would materially affect the estimates of the Ore Reserves.
- Resources at Berenai, Asmar, Bujang, Buluh and Belinau are extensions to the existing open pits. Aidit is an unmined resource. Underground resources are at Belinau only.
- Due to rounding of figures small discrepancies may exist.

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Tembang Pre-Feasibility Study and Project Optimisation

In February the Company reported a positive outcome from the PFS for Stage 1 of the Tembang project. The PFS consisted only of the Belinau deposit (~13% of the total Tembang resource) and indicated that Belinau is a robust and profitable project.

The PFS underpinned the Company's two stage development strategy by demonstrating the strength of Belinau's economics as a standalone mine.

Full details of the PFS can be found in the ASX announcement of 23 February 2012.

In April 2012, Sumatra completed an Optimisation Study which identified key changes to the Stage 1 mining strategy and resulted in significant improvements to the PFS.

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.
- 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 design costs for the proposed 400,000 tpa processing plant.

Tembang Stage 1 Mining Strategy

An Ore Reserve of 1.93 million tonnes is expected to be mined out of the Belinau and Asmar deposits 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.

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Tembang Stage 1 Definitive Feasibility Study ('DFS')

On 10 September 2012 the Company was pleased to announce the release of the DFS for Stage 1 of the Tembang project. Highlights of the DFS were:

- Significantly improved economics and production capacity from the PFS (February 2012)
- Pre-production capital reduced 20% to US\$38.6 million, despite doubling the process plant capacity
- Belinau Underground Cash Costs reduced 33% to \$333 per ounce Au after Ag Credit
- Final Forestry permit expected in December quarter 2012
- Commercial production expected in December quarter 2013
- PFS for Stage 2 targeted for September 2012
- Start date of Stage 2 mining brought forward by 3 years to 2015

Key Outcomes:

| | |
|---|------------------|
| Gold production | 146,000 ounces |
| Silver production | 1,388,000 ounces |
| Total capital cost | US \$68 M |
| Pre-production capital | US \$38.5 M |
| Cash operating cost C1 (net silver credits, pre royalties) | US \$487 / ounce |
| Processing Rate | 400,000 tpa |
| Mine Life | 5 years |

Key Financial Results:

| | |
|---|------------|
| Revenue | US \$261 M |
| Net cashflow (after royalties and capex, before tax) | US \$71 M |
| IRR | 36% |

Full details of the PFS can be found in the ASX announcement of 10 September 2012.

Tembang Permitting

The Company is pleased that significant progress has been made in this key area with the first 3 of the 5 milestones for Forestry Permitting ('Pinjam Pakai') now complete. During the half year, the Company completed the Forestry Approval pre-conditions at the Regency Level, approval by South Sumatra's Provincial Governor and Director General of the Department of Mines in Jakarta. These are significant advances and further validate the Company's strategy to manage these processes through the Company's experienced local senior management team.

The final Tembang project footprint requiring Forestry approval is estimated at 950 hectares. Compensation for 90% of the project footprint is complete; with the remaining 10% area still in progress. A team from the Forestry Department, Local Regency and the Company focused on completing the land compensation process has been established.

The Company expects to receive an in-principle forestry permit early in the fourth quarter followed by full Forestry Permitting towards the end of the year.

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Alternative Energy Supply

Sumatra has made significant progress in identifying materially cheaper energy supplies for the Tembang project. As a result of these negotiations and the relatively low cost upgrade to the planned process plant for Stage 2, the Company has elected to fast track the Stage 2 PFS. The Tembang project is currently based on diesel only energy with a cost assumption in excess of US\$1 per litre. The fast track development of Stage 2 and the doubling of throughput will allow Stage 1 to benefit from improved energy costs within 2 years of start-up. Energy costs are expected to be around 30% to 50% lower than the current diesel energy costs.

Ore supply for Stage 2 will be derived from Berenai, Buluh, Aidit and Bujang deposits. The cost of the process plant expansion to 0.9 Mtpa will be potentially funded from cash flow based on a projected production of 80,000 ounces gold equivalent per annum.

Tembang District Exploration

Grid based sub surface geochemical sampling has now been completed over southern Belinau and an infill program is in progress at Bono's Hill. Results to date show minor gold anomalies within significant zones of arsenic anomalies.

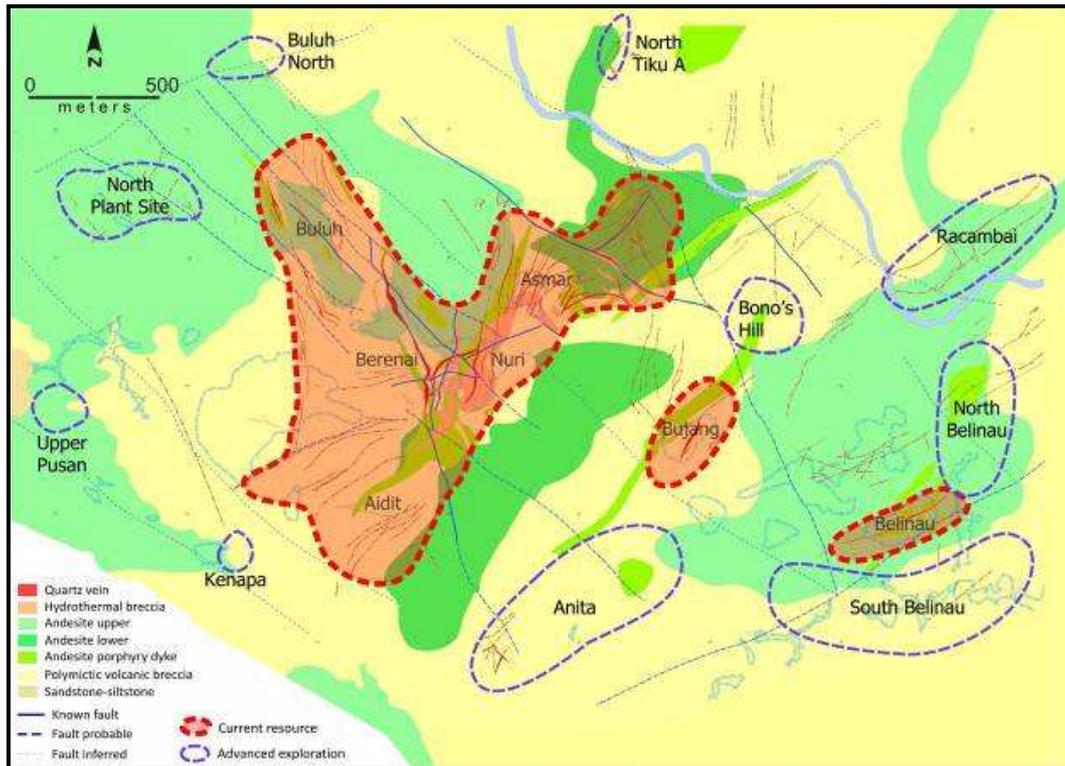
Tembang 2012 Drilling Significant Intersections Au >0.35g/t

| Hole No | Location | Type | From | To | Length | Au g/t | Ag g/t | Comments |
|----------|----------|----------|--------|--------|--------------|-------------|-------------|---|
| RDD12196 | Asmar | Vein/PSV | 5.00 | 45.00 | 40.00 | 3.04 | 8.8 | Includes 3.6m <0.35g/t Au. Includes 7.8m @ 13.08g/t Au, 27.1g/t Ag |
| RDD12196 | Asmar | Vein | 50.45 | 61.55 | 11.10 | 0.96 | 11.5 | Includes 3.2m <0.35g/t Au |
| RDD12196 | Asmar | PSV | 91.65 | 101.65 | 10.00 | 0.55 | 12.2 | Includes 1.6m <0.35g/t Au |
| RDD12196 | Asmar | PSV | 108.00 | 112.00 | 4.00 | 1.56 | 25.0 | |
| RDD12196 | Asmar | PSV | 115.00 | 118.00 | 3.00 | 1.72 | 62.8 | Includes 1.0m <0.35g/t Au |
| RDD12196 | Asmar | PSV | 127.50 | 128.50 | 1.00 | 1.70 | 7.7 | |
| RDD12196 | Asmar | PSV | 153.10 | 155.20 | 2.10 | 0.96 | 4.1 | |

As of 31st May 2012

Drilling Metallurgy - Asmar

| Asmar | | | | | | | | |
|-------|---------|-----------|-----------------|------------------|-----------|--------------|------------------|--------------|
| No | Hole ID | Hole No. | Easting (mE) | Northing (mN) | RL (m) | Dip (Deg) | Azimuth (Deg) | Depth (m) |
| 1 | MET-01 | RDD 12196 | 239877.00 | 9683340.00 | 139.0 | 50 | 270 | 160.4 |



Tembang exploration targets

Tandai Project Overview

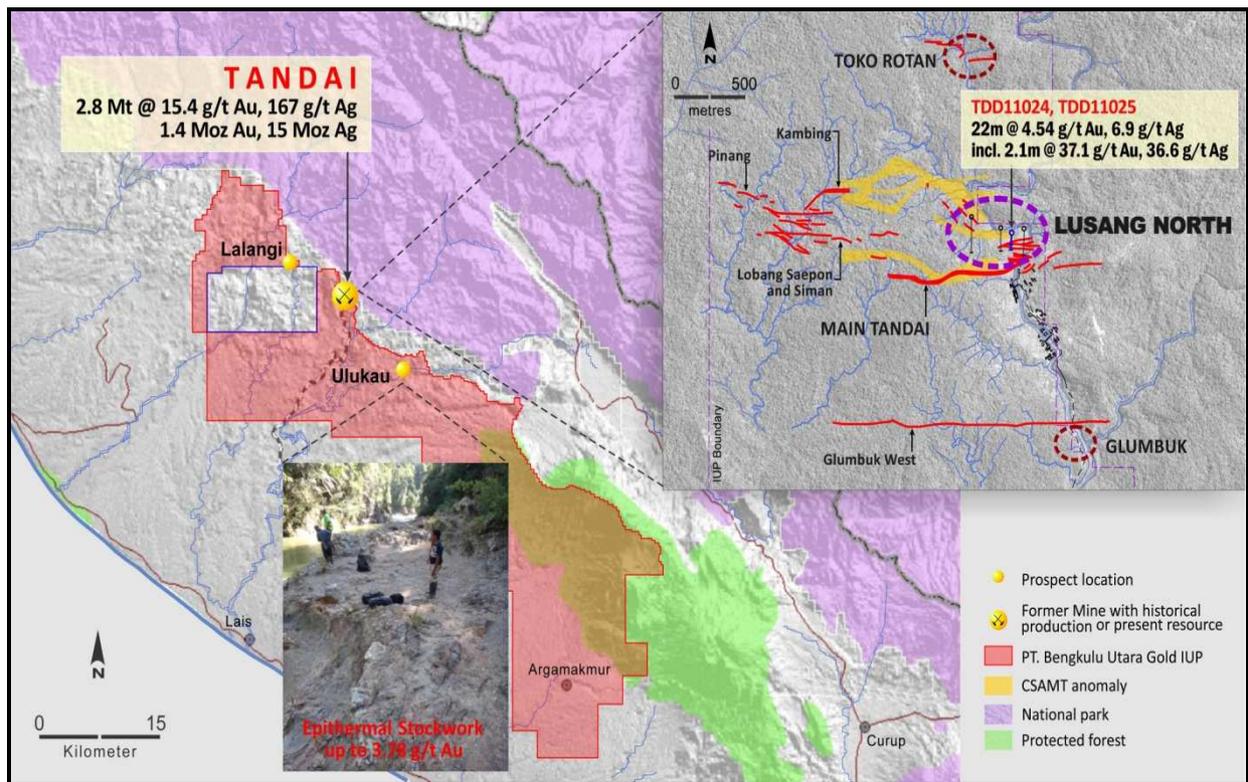
The Tandai project is located within the northern part of the Bengkulu Utara IUP, in the Kabupaten area of Bengkulu Utara, approximately 100 kilometres north of Bengkulu.

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 Limited ('Newcrest') in August 2010, Newcrest have the right to earn a 70% interest in the Tandai tenement by spending US\$12 million on the project over 5 years.

Exploration activities have focused on the Ulukau prospect which was advanced to drill status by early June. Drilling commenced with UDD 12001 which intersected several poly episodic quartz-chalcedony vein and breccia zones. A second hole UDD 12002 is currently in progress to test this prospect. A total of 300 metres were drilled in both holes. Follow up mapping and sampling surrounding the area is now underway to delineate possible extensions to structures and mineralisation earlier identified.

In the regional exploration program, follow up of the most promising geochemical anomalies from the phase one program is now in full swing.

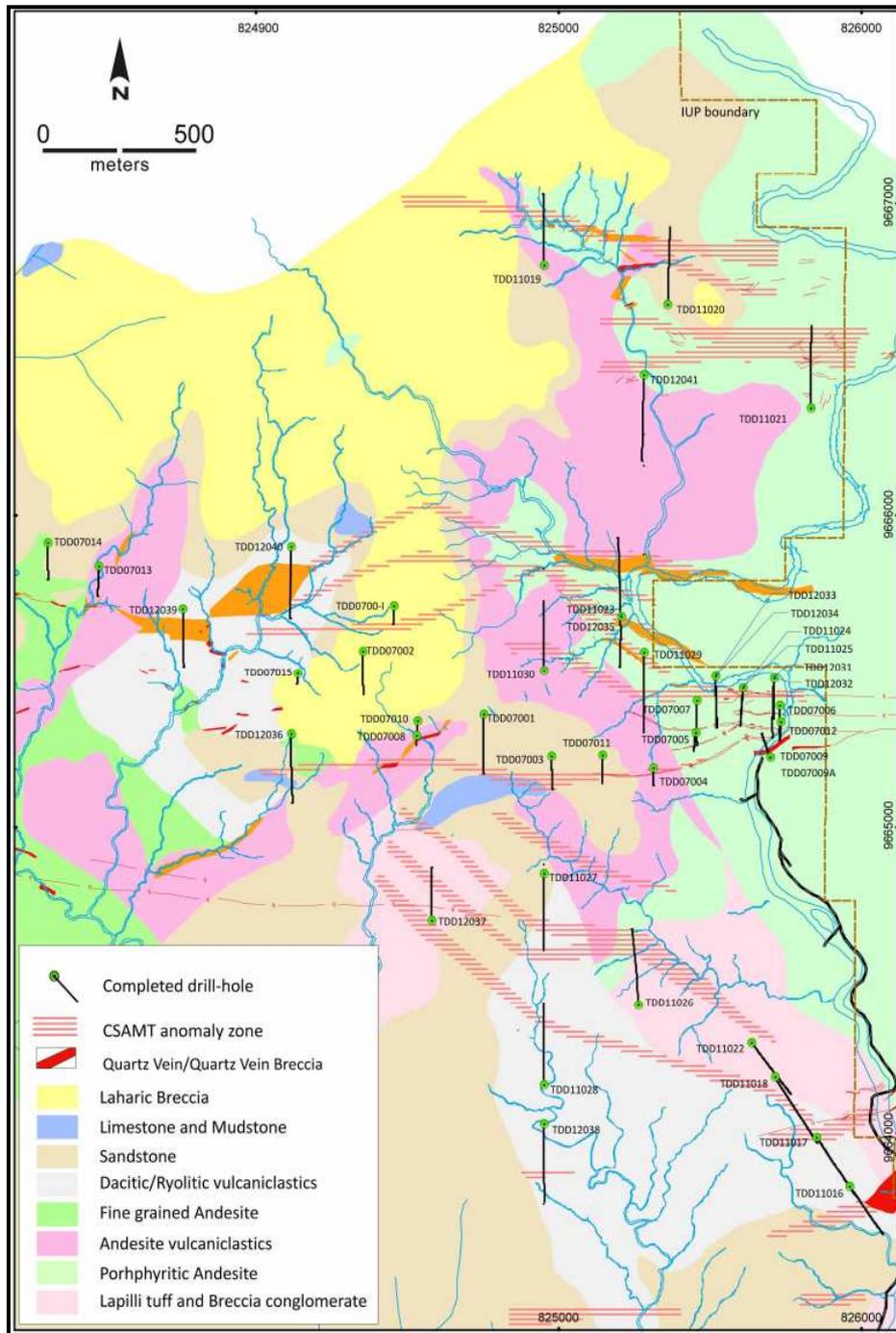


Tandai district and prospects

2.2 Tandai Exploration

Diamond drilling was focused on following up high grade results at Lusang North as well as testing the Glumbuk West, Siman and Toko Rotan CSAMT targets. A total of sixteen holes TDD 11031 to TDD 12041 were completed for a total of 3,812.3 metres during the first six months.

Testing of the CSAMT anomalies was completed within the Tandai District and has covered most of the strike of the Tandai Lode and environs. Remaining activities include the completion of detailed logging and sampling of TDD 12041. Spectral analysis of selected alteration samples from the Tandai drill holes will also be carried out to better define the hydrothermal system within the district.



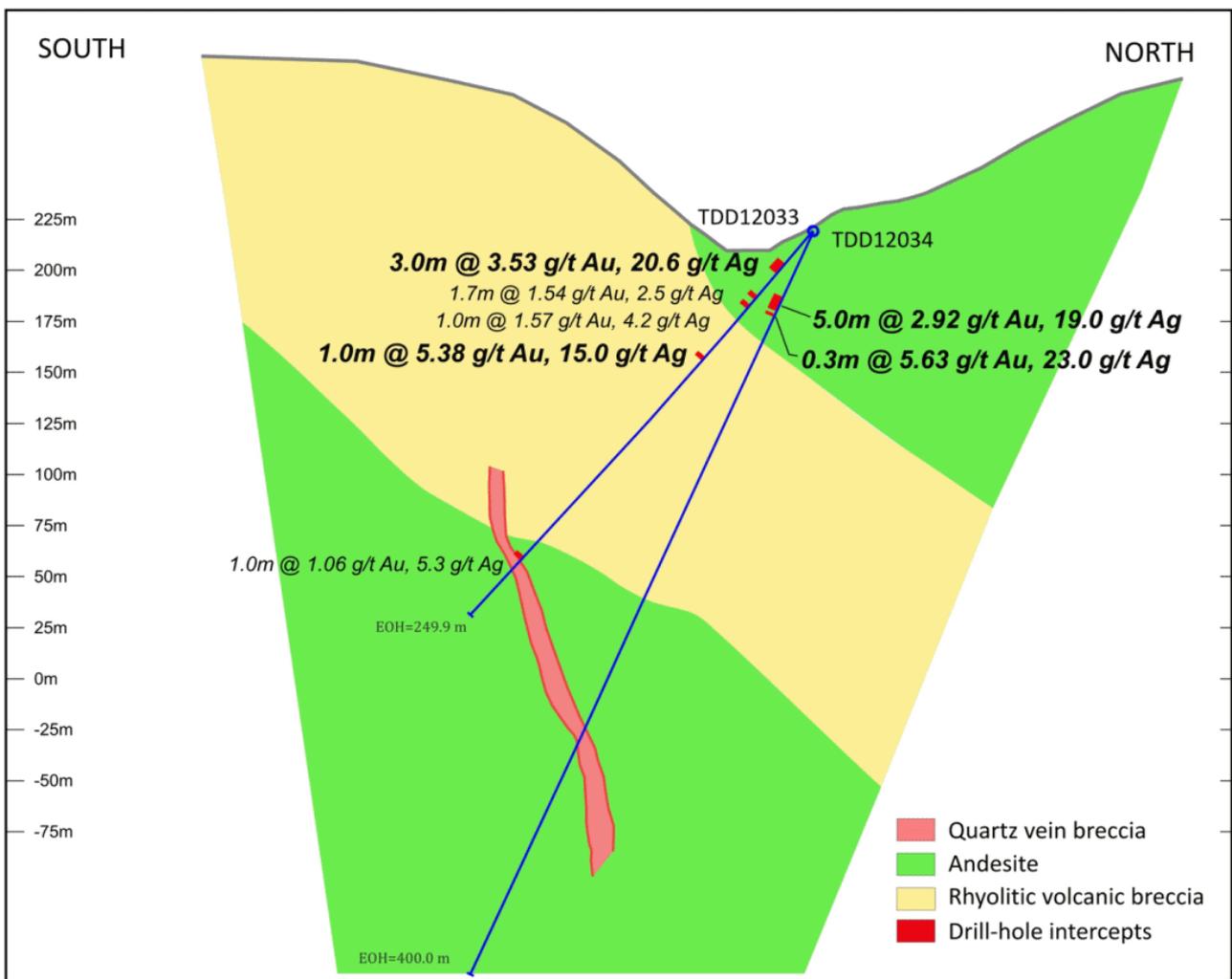
Tandai current and planned drilling

Results

Lusang North

Two fences of drill holes (TDD 11031, and TDD 12032-4) were drilled as 100 metre step-outs from holes TDD 11024 and TDD 11025 to test the strike and depth continuity of the significant mineralisation. Unfortunately the vein breccia mineralisation intersected was not strongly developed in all four holes. As a result it was decided to not drill a hole down dip of TDD11025. This drilling confirms the pipe like geometry of the significant mineralisation most likely localised at discrete fault intersections.

Of the four follow up holes to explore the east and west strike extension of the Lusang North river lode, TDD 12034 returned the highest result where the interval 36.5 to 41.5 metres returned 5.0 metres of 2.92 g/t Au and 19.0 g/t Ag.



Simplified drill section TDD 12033 and TDD 12034

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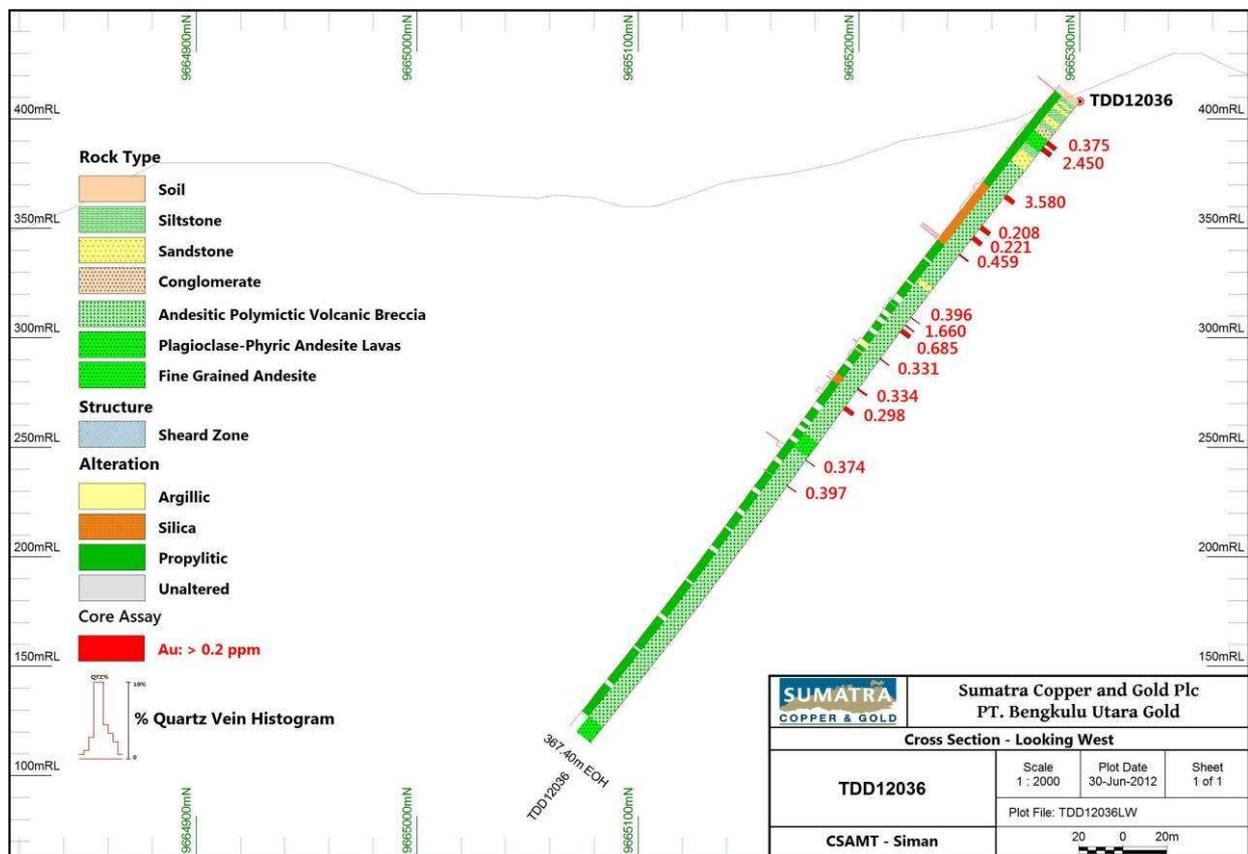
The highest result from the upper section of TDD 12033 was 3.0 metres @ 3.53 g/t Au and 20.6 g/t Ag from 22.6 to 26.6 metres down hole. This zone was hosted by narrow cm size quartz +limonite veins. The up dip quartz vein breccia, also intersected in TDD 12034, returned 1.0 metres @ 1.06 g/t Au and 5.3 g/t Ag from 215.1 to 216.1 metres down hole.

In TDD 12036 the best interval was from 54.0 to 56.0 metres which returned 2.0 metres @ 3.58 g/t Au and 38.6 g/t Ag. A further 0.3 metre section from 28.4 to 28.7 metres yielded 2.45 g/t Au and 28.2 g/t Ag.

CSAMT Drilling

Preliminary results on infill sampling from TDD 12036 identified an additional 0.5 metres at 1.66 g/t Au from 129.0 to 129.5 metres. A 0.3 metre section from 133.0 to 133.3 metres also yielded 0.68 g/t Au.

The various low grade values (0.1 to 0.5 g/t Au) seen in TDD12036 and spread over more than 200 metres of core of varying lithology, andesite, acid volcanic conglomerate, rhyolite and polymict andesitic volcanic conglomerate, reinforces the possibility of a vein system at depth.



TDD 12036 looking west

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Only one sample from TDD 12038 returned a significant result. This sample was taken from a 30cm sample of a 10cm white bull quartz vein typical of the Glumbuk style from 170.2 to 170.5 metres and yielded 2.15 g/t Au and 0.6 g/t Ag. There was no evidence of any sulphides and the margins of the vein were selvaged by carbonate, hematite and clay.

| Hole ID | Type | Location | Easting | Northing | RL | EOH | Azimuth | Dip | From | To | Interval | True Width | Au g/t | Ag g/t |
|----------|---------|----------|---------|----------|-----|-------|---------|-----|-------|-------|----------|------------|--------|--------|
| TDD11030 | Diamond | N.Lusang | 824950 | 9665500 | 395 | 350.8 | 0 | -50 | 115.8 | 116.8 | 1.0 | | 1.98 | 0.9 |
| TDD12032 | Diamond | N.Lusang | 825710 | 9665476 | 210 | 400.0 | 180 | -65 | 228.7 | 230.0 | 1.3 | | 1.22 | 1.5 |
| TDD12032 | Diamond | | | | | | | | 298.0 | 298.5 | 0.5 | | 2.44 | 9.2 |
| TDD12032 | Diamond | | | | | | | | 339.4 | 339.7 | 0.3 | | 1.30 | 6.1 |
| TDD12033 | Diamond | N.Lusang | 825518 | 9665483 | 210 | 275.0 | 180 | -50 | 23.6 | 26.6 | 3.0 | | 3.53 | 20.6 |
| TDD12033 | Diamond | | | | | | | | 42.0 | 43.7 | 1.7 | | 1.54 | 2.5 |
| TDD12033 | Diamond | | | | | | | | 46.2 | 47.2 | 1.0 | | 1.57 | 4.2 |
| TDD12033 | Diamond | | | | | | | | 80.3 | 81.3 | 1.0 | | 5.38 | 15.0 |
| TDD12033 | Diamond | | | | | | | | 215.1 | 216.1 | 1.0 | | 1.06 | 5.3 |
| TDD12034 | Diamond | N.Lusang | 825518 | 9665483 | 219 | 400.0 | 180 | -65 | 36.5 | 41.5 | 5.0 | | 2.92 | 19.0 |
| TDD12034 | Diamond | | | | | | | | 45.5 | 45.8 | 0.3 | | 5.63 | 23.0 |
| TDD12034 | Diamond | | | | | | | | 60.9 | 61.3 | 0.4 | | 2.21 | 8.5 |
| TDD12036 | Diamond | Tandai | 824115 | 9665300 | 408 | 367.4 | 180 | -50 | 28.4 | 28.7 | 0.3 | | 2.45 | 28.2 |
| | | | | | | | | | 54.0 | 56.0 | 2.0 | | 3.58 | 38.6 |
| | | | | | | | | | 129.0 | 129.5 | 0.5 | | 1.66 | |
| TDD12038 | Diamond | Tandai | 824950 | 9664050 | 335 | 400.0 | 180 | -50 | 170.2 | 170.5 | 0.3 | | 2.15 | 0.6 |

Table 2. Significant intersections (to end of June 2012)

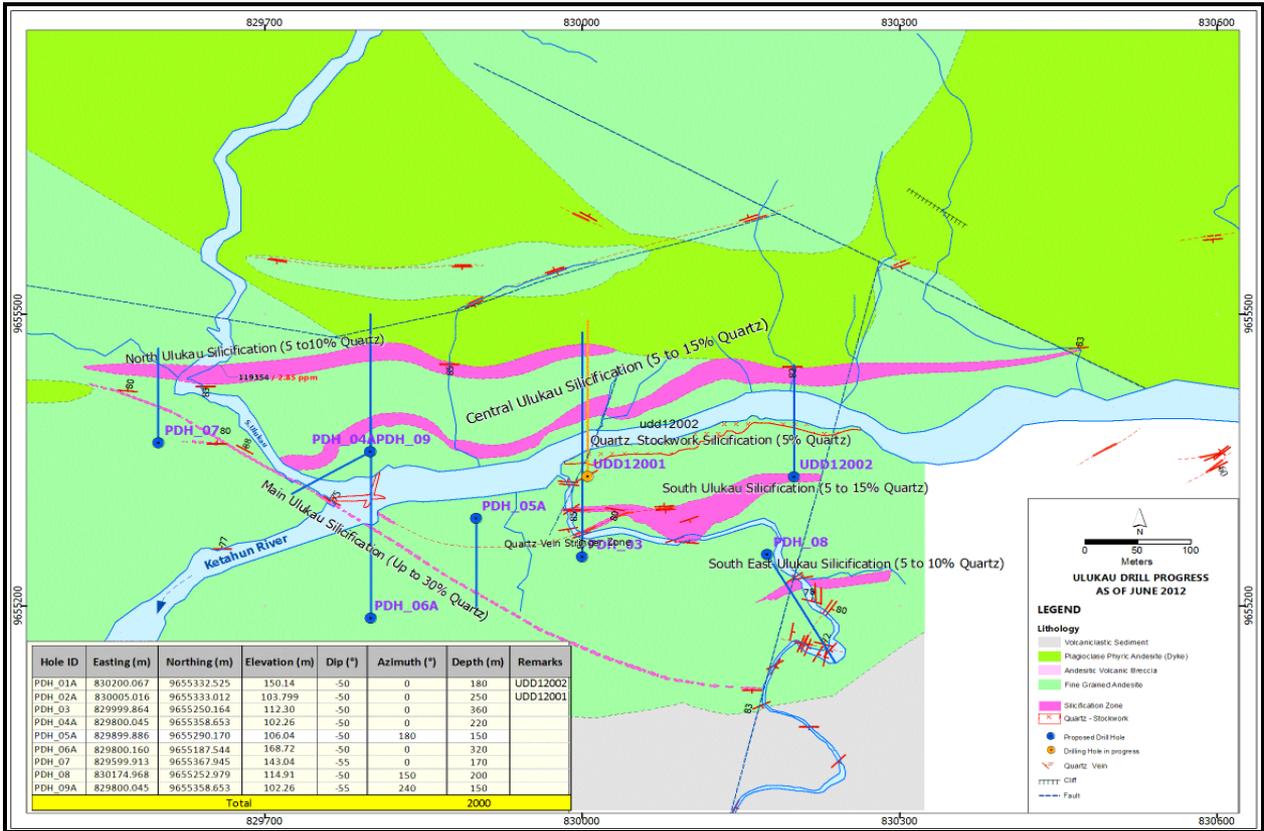
Intercepts reported are intervals of Au >1.00 g/t Au with intervals of <1.00 g/t Au up to 3 metres included. All widths are apparent. Au grade is reported to two decimal places and Ag grade to one decimal place. Samples are generally from diamond core drilling which is HQ diameter. Some intercepts may be of larger or smaller than HQ due to drilling logistics. Core is photographed and logged by the geology team before being cut in half. Half core samples are prepared for assay and the other half is retained in the core farm for future reference. Each assay batch is submitted with duplicates and standards to monitor laboratory quality.

2.2 Ulukau Prospect

The Ulukau Prospect is located approximately 10 kilometres SSE of Tandai. This prospect was first identified during the regional sampling program when three outcrop samples returned assays of **1.53 g/t Au**, **2.81 g/t Au** and **3.72 g/t Au**. The results from more recent selective sampling of quartz veins and pervasive silica-clay-altered wall-rock indicate up to 55 g/t Au in outcrop and 44 g/t Au in sub-crop.

Continued mapping and sampling in Ulukau has resulted in delineation of six major zones of persistent silica-clay alteration and quartz veins. A total of 2,000 metres (9 holes) have been scheduled for drilling. The holes are 200 metres apart along strike based on targeting criteria.

Drilling commenced with UDD 12001 collared on 12 June 2012. This hole intersected several poly episodic quartz-chalcedony quartz vein breccias (monomictic) with fine grained andesite clasts rimmed with chlorite +/- pyrite. The hole was completed to a depth of 250.6 metres on 26 June 2012 and the rig was moved to UDD 12002.



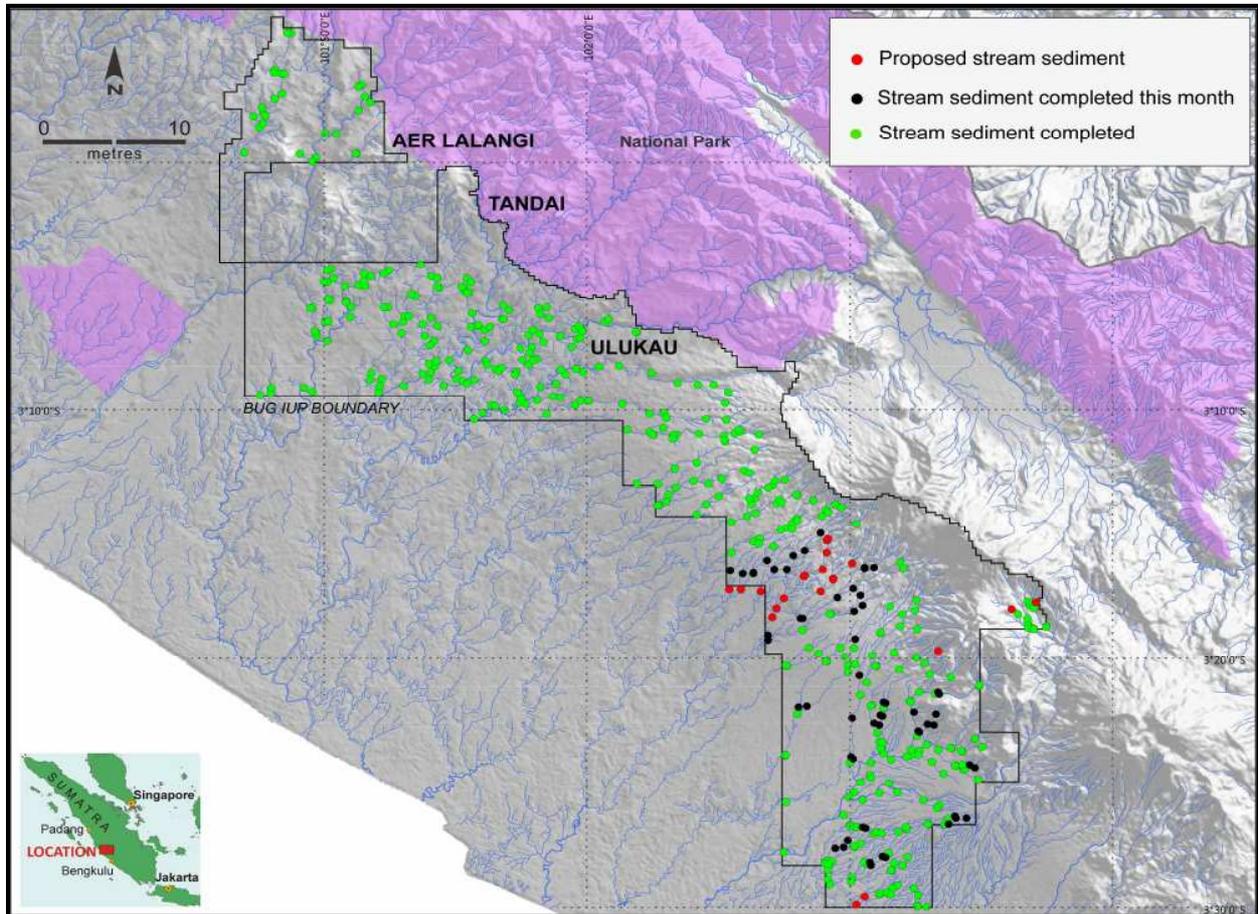
Ulukau drilling plan



UDD 12001 - 7m. Poly-episodic quartz-chalcedony vein breccia.

Tandai Regional Exploration Program

A total of 169 stream sediment ('SS'), 167 Bulk Leach Extractable Gold ('BLEG') and 83 rock samples were collected during the reporting period. Most of the sampling has been carried out in the southern block of highly anomalous stream sediment geochemistry.

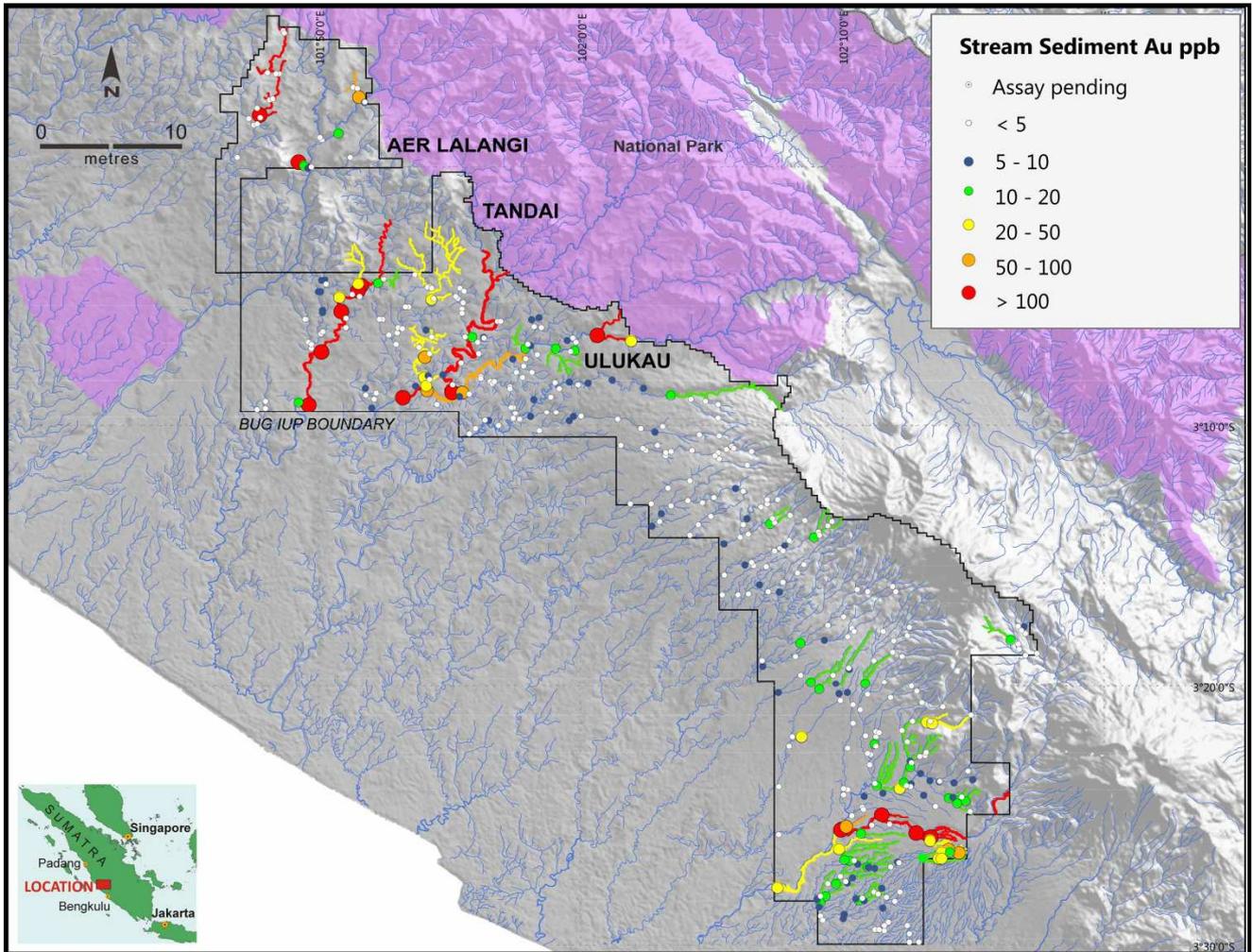


Regional stream sediment and BLEG progress

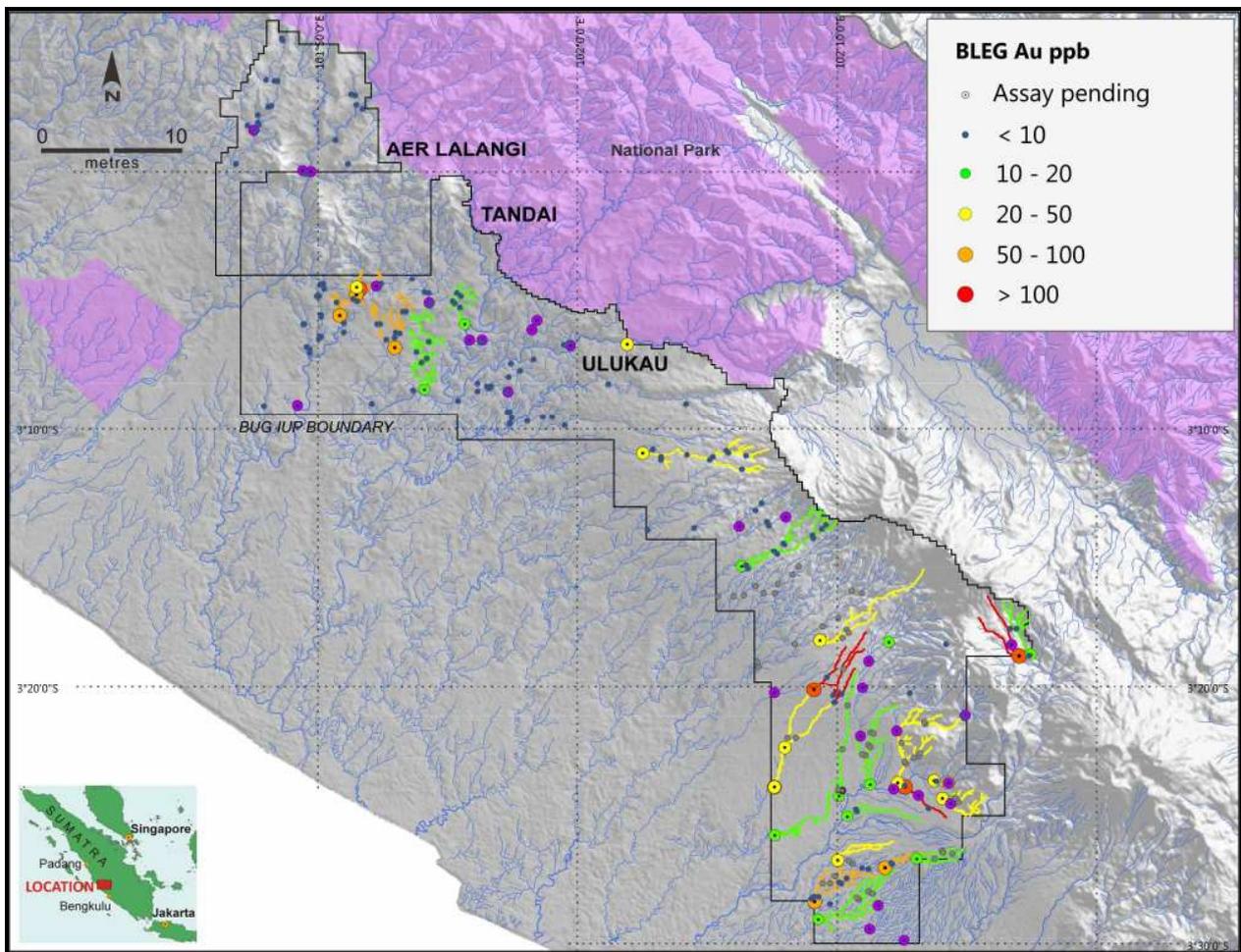
Results

At the Lalangi prospect reconnaissance mapping has confirmed the presence of epithermal textures in some of the observed outcrops in the area. The latest preliminary results from samples taken during the half year showed very encouraging numbers.

Two stream sediment samples from Air Siman south of Tandai also registered anomalous values of 39 and 80 ppb Au.



Stream sediment results



BLEG results

Ongoing Exploration

Particular emphasis will be placed on the Ulukau prospect and environs at the same time as maintaining follow up of the best exploration targets from the IUP wide regional exploration program.

Sontang and Other IUP's

The Sontang project is located approximately 160 kilometres north of Padang. Sontang comprises the virgin discovery of a high-grade polymetallic manto, made by the Company's geologists in ground previously explored by other companies.

The Company has advanced discussions with a third party for the farm out of the Sontang project and other non-core assets and is planning to be in a position to sign an MOU in the September quarter subject to satisfactory due diligence

SUMATRA COPPER & GOLD PLC

DIRECTORS' REPORT

Corporate Activities

\$5 Million Funding Facility for Tembang Project Development

Sumatra announced details of a A\$5 million convertible debt finance facility with Macquarie Bank Limited ('Macquarie') in March. The Company subsequently drew down the facility in April with funds used to progress the Tembang project and for working capital.

The principle terms of the facility are:

| | |
|------------------|---|
| Facility amount: | A\$5.0 million. |
| Purpose: | To progress the development of the Tembang project and for working capital purposes |
| Maturity date: | One year from drawdown |
| Options: | As part of the Facility fee, the Company issued Macquarie 31,250,000 options, each to acquire one CHESSE Depository Interest ('CDI') in the Company at 16 cents per CDI at any time within two years of their date of issue to Macquarie. |

Subscription Agreement with Provident Capital

Following the end of the half year the Company announced an agreement with Provident Capital Partners Pte. Ltd. ('Provident') with the following terms and conditions:

- Provident, or their nominees, will subscribe for 28 million fully paid ordinary SUM shares or CHESSE Depository Interests ('Shares') at a price of A\$0.135 per Share.
- Subject to SUM shareholder approval, Provident will be granted an call option to subscribe for 40 million additional CDIs with the following terms:
 - exercise of the call option is conditional upon:
 - Provident, or their nominees, having acquired an additional 10 million Shares; or
 - SUM having obtained a Pinjam Pakai Eksploitasi (exploitation forestry permit) for the Tembang project;
 - the call option is exercisable at a price equal to a 15% discount to the 10 day VWAP at the time of giving notice of exercise of the Option with a maximum exercise price of A\$0.20;
 - the call option is exercisable at any time after satisfaction of one of the above conditions until the earlier of:
 - 31 December 2012; or
 - 30 days after SUM gives Provident notice that a minimum of A\$1 million of SUM Shares have traded at A\$0.20 or more.

Provident was founded in 2004 and has a number of successful investments in a variety of industries. Amongst other investments, Provident has a 19% interest in Sihayo Gold Limited, an Australian listed Indonesian based gold mining company.

SUMATRA COPPER & GOLD PLC

DIRECTORS' REPORT

Going concern

At 30 June 2012 the Group had cash and cash equivalents of £2,094,789. On 27 March 2012 the Group entered into a convertible debt facility raising A\$5,000,000. Funds raised under the facility agreement and associated interest charges are repayable on 27 March 2013. In August 2012 the Group announced that it had entered into a subscription agreement to raise A\$3,780,000 of equity funding and in September 2012 the agreement was completed. Following the fundraising the Group's cash and cash equivalents balance will allow the Group to continue its planned activities for a number of months, but not for more than a full 12 months from the date of issuing these condensed set of financial statements. In order to repay the convertible debt facility and to contribute to the funding of the Tembang mine development and the Group's other projects the Group will need to obtain other sources of finance.

The Directors have a reasonable expectation that the Group will be able to raise adequate resources either from its current investors or alternative sources to continue in operational existence for the foreseeable future. Accordingly they continue to adopt the going concern basis in preparing the condensed set of financial statements. However there is currently no committed funding in place and this indicates the existence of a material uncertainty which may cast significant doubt as to the Group's ability to continue as a going concern. The condensed set of financial statements does not include any adjustments that would result from a failure to raise additional funds.

Changes to Directors and Officers

Mr Julian Ford was appointed the Company's Managing Director in January. Mr Ford, who has been the Company's Chief Executive Officer since May 2011, is an experienced mining professional with a career spanning more than 25 years within the global resources industry. He has held senior positions within several major resource companies including Alcoa, British Gas London and Western Metals Limited and co-founded copper and gold focused exploration and development company Zambezi Resources Ltd in 2004.

Mr Ford holds a degree in Chemical Engineering from the University of Natal, a Bachelor of Commerce from the University of South Africa and a Graduate Diploma in Business Management from the University of Western Australia.

Dr Michael Price resigned as a Non-Executive Director of the Company due to other commitments in January. Dr Price was a Non-Executive Director of the Company since July 2007.

In August Peter Nightingale resigned as a Non-Executive Director and Richard Edwards resigned as Co-Company Secretary of the Company as part of the transfer of the Company's Australian office to Perth where the Managing Director and two key managers, Mr Don Harper and Mr Grant Harding are based.

Competent Person's Statement – Exploration Results

The information in this report that relates to Exploration Results is based on information compiled by Mr Matthew Farmer, geologist, who is a Member of the Australasian Institute of Mining and Metallurgy. Mr 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.

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'.

SUMATRA COPPER & GOLD PLC

DIRECTORS' REPORT

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 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

¹ Gold Equivalent = gold assay + (silver assay / 50) where the number 50 represents the ratio where 50g/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.

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.

Events Occurring after the Balance Sheet Date

In August 2012 the Company announced that had entered into a Subscription Agreement with Provident Capital Partners Pte. Ltd to subscribe for 28 million CDIs or shares in the Company and at the same time be granted a call option to subscribe for 40 million additional CDIs.

In September 2012 the Group released the Definitive Feasibility Study for its Tembang Project.

Signed in Sydney this 13th day of September 2012
in accordance with a resolution of the Board of Directors:



Julian Ford
Managing Director

SUMATRA COPPER & GOLD PLC

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE HALF YEAR ENDED 30 JUNE 2012**

| | Notes | Six Months Ended 30 June 2012 (Unaudited) £ | Six Months Ended 30 June 2011 (Unaudited) £ |
|--|-------|---|---|
| Continuing operations | | | |
| General administrative expenses – before impairment | | (737,588) | (609,092) |
| Provision for impairment | 12 | (106,173) | (1,119,731) |
| General administrative expenses – after impairment | | (843,761) | (1,728,823) |
| Other operating income | | - | 90,564 |
| Operating loss | | <u>(843,761)</u> | <u>(1,638,259)</u> |
| Operating loss – before impairment | | <u>(737,588)</u> | <u>(518,528)</u> |
| Financial income | | 206,064 | 157,477 |
| Financial expense | | (280,528) | (170,139) |
| Net financing expense | | <u>(74,464)</u> | <u>(12,662)</u> |
| Loss arising on reclassification of subsidiary to associate | 13 | - | (547,721) |
| Gains realised on further investment by majority shareholder in associate | 13 | 229,053 | - |
| Share of profit in associate | 13 | 1,013 | 904 |
| Loss before income tax | | <u>(688,159)</u> | <u>(2,197,738)</u> |
| Income tax expense | | - | - |
| Loss for the period | | <u>(688,159)</u> | <u>(2,197,738)</u> |
| Other comprehensive income for the period | | | |
| Foreign exchange translation differences | | <u>(1,080,881)</u> | <u>37,152</u> |
| Total comprehensive loss for the period | | <u>(1,769,040)</u> | <u>(2,160,586)</u> |
| Attributable to: | | | |
| Equity holders of the Company | | (1,769,040) | (2,160,632) |
| Non-controlling interest | | - | 46 |
| Total comprehensive loss for the period | | <u>(1,769,040)</u> | <u>(2,160,586)</u> |
| Basic loss per share attributable to ordinary equity holders | 8 | <u>(0.36) pence</u> | <u>(1.39) pence</u> |
| Diluted loss per share attributable to ordinary equity holders | 8 | <u>(0.36) pence</u> | <u>(1.39) pence</u> |

*The Consolidated Statement of Comprehensive Income should be read
in conjunction with the accompanying notes.*

SUMATRA COPPER & GOLD PLC

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2012**

| | Notes | 30 June 2012 (Unaudited) £ | 31 December 2011 (Audited) £ |
|--|-------|-------------------------------------|---------------------------------------|
| Non-current assets | | | |
| Property, plant and equipment | | 123,699 | 126,877 |
| Exploration and evaluation costs | 12 | 14,214,774 | 13,362,814 |
| Investment in equity accounted associate | 13 | 1,331,083 | 1,149,187 |
| Total non-current assets | | <u>15,669,556</u> | <u>14,638,878</u> |
| Current assets | | | |
| Other receivables | | 561,417 | 411,952 |
| Loan to associate | | 32,345 | 41,448 |
| Cash and cash equivalents | | 2,094,789 | 1,569,562 |
| Total current assets | | <u>2,688,551</u> | <u>2,022,962</u> |
| Total assets | | <u>18,358,107</u> | <u>16,661,840</u> |
| Current liabilities | | | |
| Trade and other payables | | (1,615,821) | (1,508,238) |
| Borrowings | | (3,347,058) | - |
| Total current liabilities | | <u>(4,962,879)</u> | <u>(1,508,238)</u> |
| Net assets | | <u>13,395,228</u> | <u>15,153,602</u> |
| Equity | | | |
| Issued share capital | 9 | 1,906,217 | 1,906,217 |
| Share premium account | | 13,396,897 | 13,396,897 |
| Other reserves | | (707,132) | 373,749 |
| Profit and loss reserve | | (1,200,754) | (523,261) |
| Total equity | | <u>13,395,228</u> | <u>15,153,602</u> |

*The Consolidated Statement of Financial Position should be read
in conjunction with the accompanying notes.*

SUMATRA COPPER & GOLD PLC

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF YEAR ENDED 30 JUNE 2012**

For the half year ended 30 June 2012

| | Issued share capital | Share premium account | Other reserves | Profit and loss reserve | Total equity |
|--|----------------------------|-----------------------------|-------------------|----------------------------|-------------------|
| | (Unaudited) £ | (Unaudited) £ | (Unaudited) £ | (Unaudited) £ | (Unaudited) £ |
| Balance at 1 January 2012 | 1,906,217 | 13,396,897 | 373,749 | (523,261) | 15,153,602 |
| Total comprehensive income for the period | | | | | |
| Loss for period | - | - | - | (688,159) | (688,159) |
| Currency translation | - | - | (1,080,881) | - | (1,080,881) |
| Transactions with owners, recorded directly in equity | | | | | |
| Share option charge | - | - | - | 10,666 | 10,666 |
| Total transactions with owners | - | - | - | 10,666 | 10,666 |
| Balance at 30 June 2012 | <u>1,906,217</u> | <u>13,396,897</u> | <u>(707,132)</u> | <u>(1,200,754)</u> | <u>13,395,228</u> |

For the half year ended 30 June 2011

| | Issued share capital | Share premium account | Other reserves | Profit and loss reserve | Non- controlling interest | Total equity |
|--|----------------------------|-----------------------------|-------------------|----------------------------|---------------------------------|-------------------|
| | (Unaudited) £ | (Unaudited) £ | (Unaudited) £ | (Unaudited) £ | (Unaudited) £ | (Unaudited) £ |
| Balance at 1 January 2011 | 1,539,142 | 9,800,922 | 463,415 | 3,683,745 | 10,796 | 15,498,020 |
| Total comprehensive income for the period | | | | | | |
| Loss for period | - | - | - | (2,197,738) | - | (2,197,738) |
| Currency translation | - | - | 37,106 | - | 46 | 37,152 |
| | - | - | 37,106 | (2,197,738) | 46 | (2,160,586) |
| Transactions with owners, recorded directly in equity | | | | | | |
| Issue of shares (net of costs) | 22,000 | 250,286 | - | - | - | 272,286 |
| Share option charge/(credit) | - | - | - | (38,308) | - | (38,308) |
| Total contributions by and distributions to owners | 22,000 | 250,286 | - | (38,308) | - | 233,978 |
| Acquisition of non-controlling interests | 38,000 | 642,665 | - | (848,692) | (10,842) | (178,869) |
| Total transactions with owners | 60,000 | 892,951 | - | (887,000) | (10,842) | 55,109 |
| Balance at 30 June 2011 | <u>1,599,142</u> | <u>10,693,873</u> | <u>500,521</u> | <u>599,007</u> | <u>-</u> | <u>13,392,543</u> |

The Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes.

SUMATRA COPPER & GOLD PLC

**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE HALF YEAR ENDED 30 JUNE 2012**

| | Notes | Six Months Ended 30 June 2012 (Unaudited) £ | Six Months Ended 30 June 2011 (Unaudited) £ |
|--|-------|---|---|
| Cash flows from operating activities | | | |
| Cash used in course of operations | 10 | (965,525) | (386,886) |
| Net cash flows used in operating activities | | <u>(965,525)</u> | <u>(386,886)</u> |
| Cash flows from investing activities | | | |
| Payments for exploration and evaluation | | (1,522,145) | (2,241,092) |
| Payments for property, plant and equipment | | (29,571) | (63,725) |
| Loan to associate | | (86,270) | (36,983) |
| Loans repaid by associate | | 82,990 | 157,488 |
| Payments for the purchase of equity investments | | - | (178,869) |
| Interest income received | | 28,817 | 53,158 |
| Overdraft disposed of when a subsidiary was reclassified as an associate | | - | 18,222 |
| Net cash flows used in investing activities | | <u>(1,526,179)</u> | <u>(2,291,801)</u> |
| Cash flows from financing activities | | | |
| Proceeds from borrowings | | 3,206,202 | - |
| Proceeds from issue of share capital | | - | 277,069 |
| Costs of issue | | - | (4,783) |
| Net cash flows provided by financing activities | | <u>3,206,202</u> | <u>272,286</u> |
| Net decrease in cash and cash equivalents | | 714,498 | (2,406,201) |
| Cash and cash equivalents at beginning of the half-year | | 1,569,562 | 4,247,841 |
| Exchange on cash and cash equivalents | | (189,272) | (170,139) |
| Cash and cash equivalents at the end of the half year | | <u><u>2,094,788</u></u> | <u><u>1,671,501</u></u> |

*The Consolidated Statement of Cash Flows should be read
in conjunction with the accompanying notes.*

SUMATRA COPPER & GOLD PLC

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 30 JUNE 2012

1 General information

Sumatra Copper & Gold plc's (the 'Company') registered number is 5777015. The Company was incorporated in England on 11 April 2006 in the form of a company limited by shares and was later changed to a public limited company. It is domiciled in the United Kingdom. The Company's shares are traded in the form of CHESS Depository Interests on the Australian Stock Exchange.

The Company acts as the parent company of the Group.

The Company's registered address is 39 Parkside, Cambridge CB1 1PN United Kingdom.

2 Basis of preparation

These condensed consolidated financial statements do not comprise statutory accounts within the meaning of section 434 of the Companies Act 2006. Statutory accounts for the year ended 31 December 2011 were approved by the Board of Directors on 30 March 2012 and delivered to the Registrar of Companies. The report of the auditors on those accounts was unqualified and did not contain any statement under section 498 of the Companies Act 2006. The report of the auditors contained an emphasis of matter paragraph in relation to going concern.

These condensed consolidated financial statements have been reviewed, not audited.

These condensed consolidated financial statements have been prepared on an historical cost basis. The financial statements are presented in GB Pounds and all values are rounded to the nearest Pound except when otherwise indicated.

The Directors acknowledge their responsibility for the half yearly report and confirm that, to the best of their knowledge, the condensed consolidated financial statements for the six months ended 30 June 2012 have been prepared in accordance IAS 34 'Interim Financial Statements', as adopted by the European Union. This half yearly report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report should be read in conjunction with the annual report for the year ended 31 December 2011, which has been prepared in accordance with IFRS as adopted by the European Union.

Going concern basis

At 30 June 2012 the Group had cash and cash equivalents of £2,094,789. On 27 March 2012 the Group entered into a convertible debt facility raising A\$5,000,000. Funds raised under the facility agreement and associated interest charges are repayable on 27 March 2013. In August 2012 the Group announced that it had entered into a subscription agreement to raise A\$3,780,000 of equity funding and in September 2012 the agreement was completed. Following the fundraising the Group's cash and cash equivalents balance will allow the Group to continue its planned activities for a number of months, but not for more than a full 12 months from the date of issuing these condensed set of financial statements. In order to repay the convertible debt facility and to contribute to the funding of the Tembang mine development and the Group's other projects the Group will need to obtain other sources of finance.

The Directors have a reasonable expectation that the Group will be able to raise adequate resources either from its current investors or alternative sources to continue in operational existence for the foreseeable future. Accordingly they continue to adopt the going concern basis in preparing the condensed set of financial statements. However there is currently no committed funding in place and this indicates the existence of a material uncertainty which may cast significant doubt as to the Group's ability to continue as a going concern. The condensed set of financial statements does not include any adjustments that would result from a failure to raise additional funds.

SUMATRA COPPER & GOLD PLC

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 30 JUNE 2012

3. Accounting policies

The accounting policies applied by the Group in this condensed consolidated interim financial report are the same as those applied by the Group in its consolidated financial report as at and for the year ended 31 December 2011. The preparation of this condensed interim financial report requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

In preparing these condensed consolidated interim financial report, the significant judgements made by management in applying the group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31 December 2011.

4. Financial risk management

Financial risk factors

The group's activities expose it to a variety of financial risks: liquidity risk, foreign currency risk and credit risk.

The condensed consolidated interim financial report does not include all financial risk management information and disclosures required in the annual financial statements, and should be read in conjunction with the group's annual financial statements as at 31 December 2011. There have been no changes in any financial risk management policies since the year end.

Liquidity risk

Compared to the year end there has been no material change to the group's liquidity risk.

Fair value estimation

The group had no assets or liabilities requiring to be fair valued (2011: none).

5. Segment information

IFRS 8, "Operating Segments" requires a management approach under which segment information is presented on the same basis as that used for internal reporting purposes. For the Group, internal reporting is based on the Group's three geographical markets: Australia, Indonesia and the United Kingdom. Hence segment information is reported in the same manner. The Group operates in one principal area of activity, that of exploration and development of gold tenements.

Revenue, Group loss on ordinary activities before tax and net assets are all within one activity, that of gold exploration and development.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

Segment information on a geographical basis is set out below. Group revenue for the half year to 30 June 2012 was £nil (2011: £nil). Accordingly no segment turnover has been provided.

SUMATRA COPPER & GOLD PLC

**NOTES TO THE CONDENSED
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 30 JUNE 2012**

Half year to 30 June 2012: (unaudited)

| | Australia | Indonesia | United Kingdom | Total |
|---|------------------|-------------------|---------------------------|-------------------|
| | £ | £ | £ | £ |
| Operating (loss)/profit | (693,686) | 282,975 | (203,997) | (614,708) |
| Share of profit in associate | - | 1,013 | - | 1,013 |
| Net financial income (unallocated) | | | | (74,464) |
| Profit/(loss) on ordinary activities before tax | <u>(693,686)</u> | <u>283,988</u> | <u>(203,997)</u> | <u>(688,159)</u> |
| Segment assets | <u>1,866,508</u> | <u>16,468,926</u> | <u>22,672</u> | <u>18,358,107</u> |
| Segment liabilities | <u>3,583,744</u> | <u>1,287,002</u> | <u>92,133</u> | <u>4,962,879</u> |

Half year to 30 June 2011: (unaudited)

| | Australia | Indonesia | United Kingdom | Total |
|---|------------------|--------------------|---------------------------|--------------------|
| | £ | £ | £ | £ |
| Operating loss | (312,398) | (1,038,256) | (287,605) | (1,638,259) |
| Share of profit in associate | - | 904 | - | 904 |
| Loss arising on reclassification of subsidiary to associate | - | (547,721) | - | (547,721) |
| Net financial income (unallocated) | | | | (12,662) |
| Loss on ordinary activities before tax | <u>(312,398)</u> | <u>(1,585,073)</u> | <u>(287,605)</u> | <u>(2,197,738)</u> |
| Segment assets | <u>1,307,891</u> | <u>13,188,758</u> | <u>14,679</u> | <u>14,511,328</u> |
| Segment liabilities | <u>104,873</u> | <u>862,126</u> | <u>151,785</u> | <u>1,118,785</u> |

6. Dividends

No dividends have been paid or provided for during the half year.

7. Income tax expense

There was no tax expense in the period (2011: £nil) due to the losses incurred.

SUMATRA COPPER & GOLD PLC

**NOTES TO THE CONDENSED
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 30 JUNE 2012**

8. Loss per share

| | 30 June 2012 (Unaudited) | 30 June 2011 (Unaudited) |
|---|---|---|
| Basic loss per share has been calculated using: | | |
| Loss for the half year (£) | <u>(688,159)</u> | <u>(2,197,738)</u> |
| Weighted average number of ordinary shares | <u>190,621,681</u> | <u>158,346,225</u> |

As the Group is loss making none of the potentially dilutive securities are currently dilutive.

9. Issued capital

| | 30 June 2012 (Unaudited) Number of shares | 30 June 2011 (Unaudited) Number of shares |
|--|--|--|
| Share capital | | |
| Ordinary shares on issue at 1 January – fully paid | 190,621,681 | 153,914,181 |
| Issue of shares | <u>-</u> | <u>6,000,000</u> |
| Ordinary shares on issue at 30 June – fully paid | <u>190,621,681</u> | <u>159,914,181</u> |

During the half year ended 30 June 2012 no shares were issued.

During the half year ended 30 June 2011:

- The Group issued 2,200,000 shares for cash totalling A\$440,000 (£277,069) following the exercise of 2,200,000 options at A\$0.20 per share.
- The Group issued 3,800,000 shares as part consideration to increase the ownership of the Group's Indonesian operating entities to 100%.

SUMATRA COPPER & GOLD PLC

**NOTES TO THE CONDENSED
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 30 JUNE 2012**

10. Cash flow notes

| | Six months ended 30 June 2012 (Unaudited) £ | Six months ended 30 June 2011 (Unaudited) £ |
|---|--|--|
| Cash flows from operating activities | | |
| Loss before tax | (688,159) | (2,197,738) |
| Adjustments for: | | |
| Gains realised on further investment by majority shareholder in associate | (229,053) | |
| Loss arising on reclassification of subsidiary to associate | - | 547,721 |
| Impairment provision | 106,173 | 1,119,731 |
| Share in profit of associate | (1,013) | (904) |
| Depreciation | 1,583 | 519 |
| Share options (reversal of expense)/expense | 10,666 | (38,308) |
| Financial income | (28,817) | (53,158) |
| Financial expense | 280,528 | 170,139 |
| Operating loss before working capital changes | (548,092) | (451,998) |
| (Increase)/decrease in other receivables | (149,465) | (38,659) |
| (Decrease)/increase in trade and other payables | (267,968) | 103,971 |
| Cash used in operations | (965,525) | (386,686) |

11. Options

The following options had been granted at 30 June 2012, each exercisable to acquire one fully paid ordinary share:

| Expiry date | Exercise price | Balance at start of the half year Number | Granted during the half year Number | Lapsed during the half year Number | Exercised during the half year Number | Balance at end of the half year Number | Exercisable at end of the half year Number |
|-------------|----------------|---|--|---------------------------------------|--|---|---|
| 20/02/12 | 38 cents | 10,000,000 | - | (10,000,000) | - | - | - |
| 27/03/14 | 16 cents | - | 31,250,000 | - | - | 31,250,000 | 31,250,000 |
| 18/06/13 | 20 cents | 6,250,000 | - | - | - | 6,250,000 | 6,250,000 |
| 25/08/13 | 20 cents | 750,661 | - | - | - | 750,661 | 750,661 |
| 07/09/13 | 20 cents | 750,661 | - | - | - | 750,661 | 750,661 |
| 26/10/14 | 20 cents | 3,530,000 | - | - | - | 3,530,000 | 3,530,000 |
| 26/10/14 | 25 cents | 3,800,000 | - | - | - | 3,800,000 | 3,800,000 |
| 26/10/14 | 35 cents | 5,250,000 | - | (200,000) | - | 5,050,000 | 2,525,000 |
| 01/06/16 | \$1.00 | 2,500,000 | - | - | - | 2,500,000 | - |
| 01/06/16 | 50 cents | - | 2,500,000 | - | - | 2,500,000 | - |
| 14/06/17 | 25 cents | - | 3,000,000 | - | - | 3,000,000 | 3,000,000 |
| | | 32,831,322 | 36,750,000 | (10,200,000) | - | 59,381,322 | 51,856,322 |

SUMATRA COPPER & GOLD PLC

**NOTES TO THE CONDENSED
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During the half year ended 30 June 2012:

- 31,250,000 options were issued with an exercise price of 16 cents, vesting immediately and expiry date of 27 March 2014, to Macquarie Bank Limited as part of a convertible debt finance facility.
- 2,500,000 performance options were issued with an exercise price of 50 cents, an expiry date of 1 June 2016, to the Managing Director, as part of Mr. Ford's employment package. The options are subject to the Performance Condition of the completion of the first post-commissioning calendar month of gold production at the Tembang project with gold at or above budgeted gold production for that month. If the Performance Condition is not met by 30 June 2014 the options will lapse.
- 3,000,000 options were issued with an exercise price of 25 cents, vesting immediately and expiry date of 14 June 2017, to Directors Julian Ford and Adi Sjoekri.

During the half year ended 30 June 2011:

- 5,100,000 options were issued with an exercise price of 35 cents, 50% vest after 12 months Qualifying Employment and 50% after 24 months Qualifying Employment.

12. Exploration and evaluation costs

| | 30 June 2012 (Unaudited) £ | 31 December 2011 (Audited) £ |
|--|---|---|
| Opening balance 1 January | 13,362,814 | 11,756,894 |
| Additions | 1,652,055 | 4,509,594 |
| Disposed of when PT BUG was reclassified as an associate | - | (1,457,068) |
| Provision for impairment | (106,173) | (1,533,108) |
| Exchange movements | (693,922) | 86,502 |
| Closing balance at period end | 14,214,774 | 13,362,814 |

During the half year ended 30 June 2012 the Directors wrote off the carrying value of exploration and evaluation costs totalling £106,173. These costs were associated with the Company's Jambi, Madina 1, Madina 2 and Musi Rawas projects as the Directors believed that whilst further exploration was on-going at each of these projects there did not exist at present enough significant mineralisation targets or drilling results to warrant the carry forward of exploration and evaluation costs at these projects.

SUMATRA COPPER & GOLD PLC

**NOTES TO THE CONDENSED
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13. Investment in equity accounted associate

| | 30 June 2012 (Unaudited) £ | 31 December 2011 (Audited) £ |
|---|---|---|
| Opening balance 1 January | 1,149,187 | - |
| Arising on partial disposal of subsidiary | - | 700,417 |
| Gain realised on further investment by majority shareholder | 229,053 | 467,660 |
| Share of profit/(loss) in associate | 1,013 | (19,304) |
| Foreign exchange gain | (48,170) | 414 |
| | 1,331,083 | 1,149,187 |
| Closing balance at period end | 1,331,083 | 1,149,187 |

In March 2011 the Company completed joint venture arrangements with Newcrest Mining Limited ('Newcrest') in respect of PT Bengkulu Utara Gold ('PT BUG'), the holder of the exploration IUP covering the Tandai project. As part of this transaction a subsidiary of Newcrest subscribed US\$1.75 million for new shares in PT BUG for a 70% interest. The US\$1.75 million subscription 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. As a result of this transaction, the Company now accounts for PT BUG as an equity accounted associate, rather than a subsidiary, and has deconsolidated the net assets of PT BUG, including the carrying value of exploration and evaluation costs for the Tandai project.

During the half year ended 30 June 2012 Newcrest made an additional subscription of US\$1,203,646. As the Company is only required to invest a nominal amount to maintain its share of investment in PT BUG, a gain equivalent to 30% of the investment made by Newcrest is recorded in the income statement.

SUMATRA COPPER & GOLD PLC

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 30 JUNE 2012

14. Related party transactions

During the half year ended 30 June 2012, Peter Nightingale, a Director, had an interest in an entity, Mining Services Trust, which provided full administrative services, including rental accommodation, administrative staff, services and supplies, to the Group. Fees paid to Mining Services Trust, which were in the ordinary course of business and on normal terms and conditions, amounted to A\$88,221 (£57,405) (2011 – A\$87,986 (£57,252)). At 30 June 2012 there was no amount outstanding (2011 – none).

During the half year ended 30 June 2012, the Company sub-leased office space for its Perth office from Karen Ford, wife of Managing Director Julian Ford. The charge covered rental accommodation, utilities and office expenses. Fees paid to Karen Ford, which were in the ordinary course of business and on normal terms and conditions, amounted to A\$69,075 (£44,947). At 30 June 2012 there was an amount outstanding of A\$10,390 (£6,761).

During the half year the Group received US\$137,500 (£88,055) from PT Bengkulu Utara Gold, which the company has a 30% interest in, in respect of a management fee. At 30 June 2012 there was an amount outstanding of US\$55,000 (£35,222).

15. Events occurring after the balance sheet date

In August 2012 the Company announced that had entered into a Subscription Agreement with Provident Capital Partners Pte. Ltd to subscribe for 28 million CDIs or shares in the Company and at the same time be granted a call option to subscribe for 40 million additional CDIs.

In September 2012 the Group released the Definitive Feasibility Study for its Tembang Project.

INDEPENDENT REVIEW REPORT TO SUMATRA COPPER & GOLD PLC

Introduction

We have been engaged by the company to review the condensed set of financial statements in the interim financial report for the six months ended 30 June 2012, which comprises the Consolidated Statement of Comprehensive Income, Consolidated Statement of Financial Position, Consolidated Statement of Changes in Equity and Consolidated Statement of Cash Flows and related notes. We have read the other information contained in the interim financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

Directors' responsibilities

The interim financial report is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the interim financial report in accordance with the Australian Corporations Act 2001.

As disclosed in note 2, the annual financial statements of the group are prepared in accordance with IFRSs as adopted by the European Union. The condensed set of financial statements included in this interim financial report has been prepared in accordance with International Accounting Standard 34, "Interim Financial Reporting", as adopted by the European Union.

Our responsibility

Our responsibility is to express to the company a conclusion on the condensed set of financial statements in the interim financial report based on our review. This report, including the conclusion, has been prepared for and only for the company for the purpose of the Australian Corporations Act 2001 and for no other purpose. We do not, in producing this report, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410, 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity' issued by the Auditing Practices Board for use in the United Kingdom. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK and Ireland) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the interim financial report for the six months ended 30 June 2012 is not prepared, in all material respects, in accordance with International Accounting Standard 34 as adopted by the European Union.

Emphasis of matter – Going concern

Without modifying our conclusion, we draw attention to note 2 to the condensed set of financial statements concerning going concern. The condensed set of financial statements have been prepared on a going concern basis and the validity of this depends on raising additional funds, as described more fully in note 2 to the condensed set of financial statements. This indicates the existence of a material uncertainty which may cast significant doubt about the Group's ability to continue as a going concern. The condensed set of financial statements do not include any adjustments that would result from a failure to raise additional funds.

PricewaterhouseCoopers UK

PricewaterhouseCoopers LLP
Chartered Accountants
Cambridge, UK
13 September 2012

**INDEPENDENT REVIEW REPORT
TO SUMATRA COPPER & GOLD PLC**

Notes:

- (a) The maintenance and integrity of the Sumatra Copper & Gold plc website is the responsibility of the directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website.

- (b) Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.