

TEMBANG EXPANSION SIGNIFICANTLY IMPROVES PROJECT ECONOMICS

Sumatra Copper & Gold plc ('Sumatra' or 'the Company') has completed the Pre-Feasibility Study ('PFS') for **Stage 2** of its 100%-owned Tembang Project. Stage 2 significantly improves the total Tembang Project economics and increases the scale of the operation. Stage 2 will primarily be funded from cash flow from Stage 1 profits.

Highlights:

- Total Tembang gross revenue - US\$738M
- Total project net cash flow - US\$222M
- Overall project C1 cash cost US\$431/oz after silver credits
- Stage 2 Pre-production Capex of US\$40M
- Earliest start date of Stage 2 mining brought forward by 3 years to 2015

Table 1: Tembang PFS Summary - Key Outcomes (Stages 1 and 2)

| | Units | Stage 1 DFS | Stage 2 (incremental impacts) | Total Tembang Project after Stage 2 |
|--|---------|----------------|-------------------------------------|--|
| Gold production | Oz | 146,000 | 249,000 | 395,000 |
| Silver production | Oz | 1,388,000 | 3,446,000 | 4,834,000 |
| Processing Rate | tpa | 400,000 | 500,000 | 900,000 |
| Mine Life | | 5 years | 3 years | 8 years |
| Pre-production capital | US\$ M | \$38.50 | \$1.50 | \$40.0 |
| Total Capital | US\$ M | \$68.0 | \$37.5 | \$105.5 |
| Revenue | US\$ M | \$261 | \$477 | \$738 |
| Net Cashflow | US\$ M | \$71 | \$151 | \$222 |
| Cash operating Cash Cost C1 ⁽¹⁾ | US\$/Oz | \$487 | (\$56) | \$431 |

Note 1) C1 Costs are as defined by Brook Hunt and are cash costs before tax and royalties and after silver credits using a silver price of US\$30 per ounce and a recovery of 82%.



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Tembang Project - Results for Stage 2

The Board of Sumatra is pleased to announce the results of the PFS which includes Stage 1 and Stage 2 of the Company's 100% owned Tembang project. The Tembang Project (located in southern Sumatra) is owned 100% by PT Dwinad Nusa Sejahtera, a 100% owned subsidiary of Sumatra.

The PFS is based on **US\$1,500/oz gold** and **US\$30/oz silver** price. The PFS Stage 2 has considered a plant design based on a nominal 400,000 tpa for the first three years (Stage 1) and upgrading to 900,000 tpa for years three to eight (Stage 2); utilising a single stage crushing circuit and a conventional SAG, Ball mill combination followed by gravity and carbon in leach circuits.

A two stage development approach was adopted at Tembang to fast track the production schedule and take advantage of the gold price and market conditions.

Stage 1: A relatively small-scale, low-capital cost, low-risk, high-grade operation involving mining at two deposits, Belinau (underground and open pit) and Asmar (open pit). Commercial production is expected to commence in the December quarter of 2013.

Stage 2: A larger-scale, multiple open pit operation involving mining at six of the seven known Tembang deposits; Belinau, Asmar, Berenai, Buluh, Bujang and Aidit. Cash flow from Stage 1 will be used to fund Stage 2 development which will mine and treat the remaining open-pit Reserve with minimal incremental capital costs. Commercial production has been brought forward by three years, and is expected to commence in 2015.

The Company has been able to fast track the PFS by leveraging the technical and commercial analysis undertaken by the project team during the Stage 1 DFS.

Sumatra Managing Director Julian Ford said the successful PFS underlined the robustness of the Tembang Project with cash costs after silver credits decreasing to less than US\$450 per ounce and a net cash flow of US\$222 million (using gold price of US\$1,500 per ounce; at current gold prices this net revenue increases to US\$400 million).

"The Stage 2 PFS builds on the successful DFS for Stage 1, with a predevelopment incremental capital of US\$1.5 million resulting in an increased net cash flow to US\$222 million," Mr Ford said.

"Under our 2-staged approach we were able to significantly reduce the predevelopment capital for the project as a whole and de-risk Tembang by completing open pit mines in stages and incorporating the process plant expansion into Stage 2.

"We are now fully focused on finalising the project's permitting and financing based on the DFS Stage 1 results released two weeks ago. The Stage 2 PFS results based primarily on the Tembang Reserve will however significantly improve the flexibility of funding options for Stage 1. As the Stage 2 mine plan is based on a LOM Reserve, we will also review the options for increasing confidence of the Stage 2 PFS to a definitive status."

Stage 2 - PFS Mine Plan

The PFS includes production from six of the seven known Tembang deposits; **Belinau, Asmar, Berenai, Buluh, Bujang** and **Aidit**. Low risk drill and blast open pit mining will be conducted using truck and excavator methods initially at the Belinau and Asmar deposits followed by underground mining at Belinau (Stage 1); during year three open pit mining is planned to commence at Berenai followed by Buluh, Bujang and Aidit (Stage 2). An owner operator mining strategy will be conducted at all the deposits.

The LOM plan for Tembang which includes Stage 1 and Stage 2 provides for a total mill feed of 6.05 million at a grade of 2.3 g/t gold and 30 g/t silver. The Reserve as detailed in Appendix 1 makes up 90% of the contained gold in the LOM plan. The Inferred Resource included in the LOM is 664,000 tonnes at a grade of 2.3 g/t gold and 23.3 g/t silver.

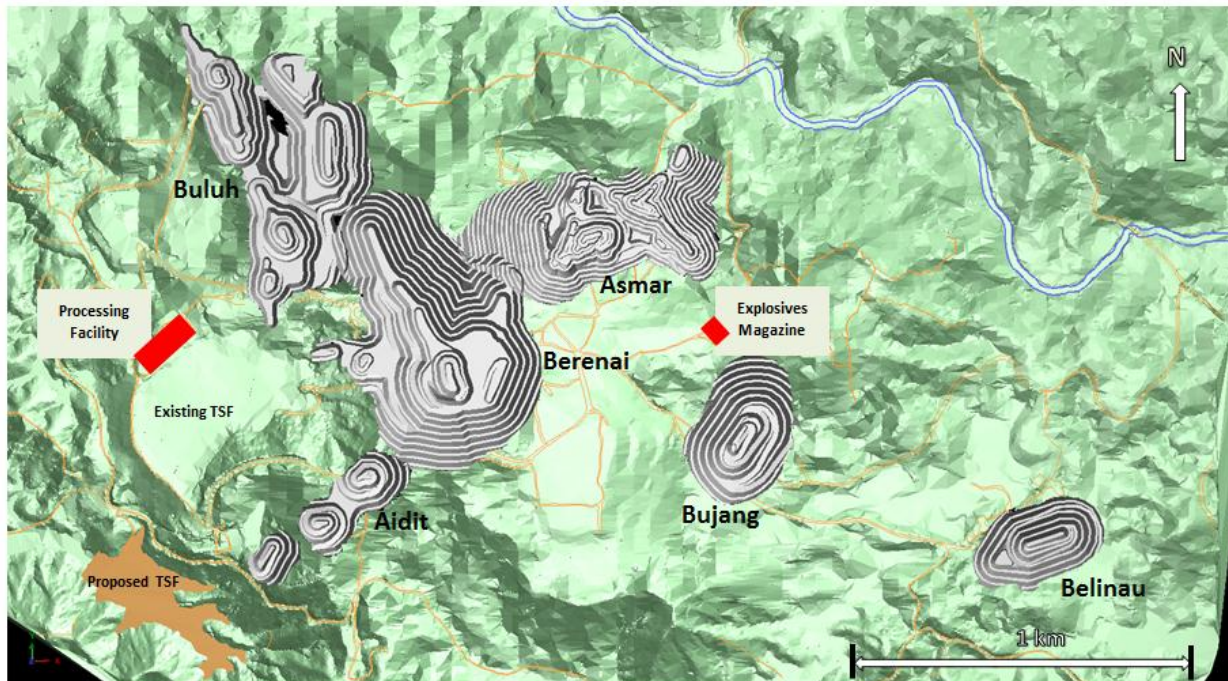


Figure 1: Tembang. Plan View of Mine Pits. Process Plant and Tails Storage Facility

Process Plant Design

The envisaged Stage 2 expansion envisages a more than doubling of milling rate in year 3 from 400,000 tonnes per annum to 900,000 tonnes per annum.

The primary crushing station and feed conveyer have already been designed to handle the Stage 2 mill feed rates. The process plant will be expanded by the addition of a ball mill, a gravity concentrator, a cyanide detoxification tank, and tails thickener. The Stage 1 gold elution circuit has been designed to provide for the increased gold and silver production. However, space has been provided for additional electrowinning capacity in the Stage 2 goldroom. The leach circuit will be expanded by the addition of two large leach tanks, utilising the foundations of the previous tankage. The Stage 1 CIL tanks have been designed with twin launders to handle the Stage 2 flow rates. During the detailed engineering design phase, the company will investigate the option of initially expanding the tails thickener in Stage 1; rather than building another thickener for Stage 2.

Permitting and Tails Storage Facility

The Stage 2 plan has already been permitted with an approved production plan, Environmental Impact Statement and Environmental Management plan, approved in March 2012. The 20 year mining lease was granted in April 2012.

The Stage 2 PFS envisages a Tails Storage Facility ("TSF") wall lift to the Stage 1 embankment. The TSF has been approved for a capacity of 10 million tonnes while the total planned milled material for Stage 1 & 2 will be 6 million tonnes over the 8 year mine life. There is thus an additional 40% storage capacity approved for the Tembang site.

Potential upside exists to mill the peripheral sheeted vein ("PSV") material; should operational experience and the economics allow for this. The Tembang resource includes 250,000 gold equivalent ounces of PSV in the Resource, the majority of which will be mined during Stage 2. No PSV material has been included in the LOM for either Stage 1 or Stage 2 although this material will likely be stockpiled separately.

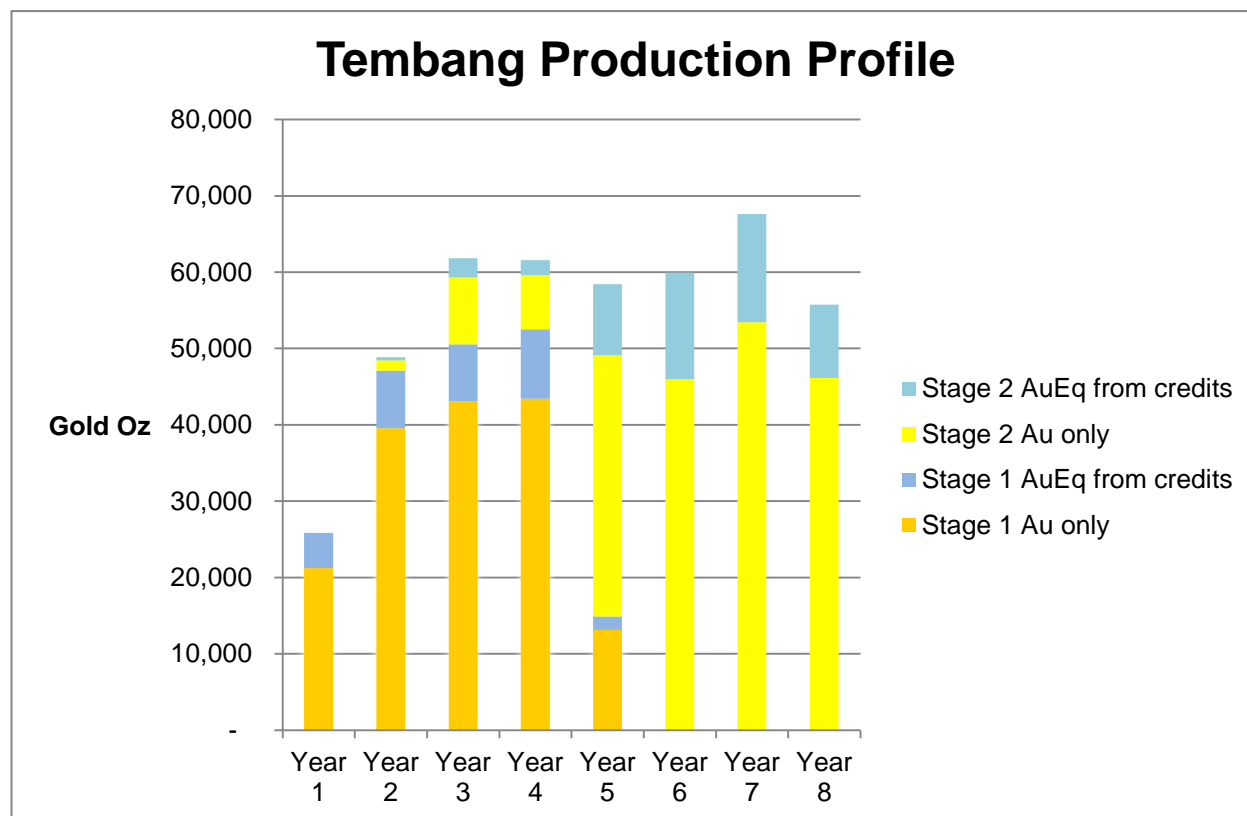


Figure 2: Production Profile

Capital Costs

The pre-development capital under the Stage 2 scenario increases by US\$1.5 million to US\$ 40 million to pay for the new pumps for dewatering around the Berenai pit. The in-pit water at Berenai itself will be gravity extracted through the existing Tails Storage facility. A significant advantage of the two staged mine development approach is that the natural pH differential between the Berenai pit water and the mill discharge water from Stage 1 treatment will be utilised to minimise water discharge treatment costs.

The majority of the Capital costs are accounted for by the expanded owners mining fleet and the process plant upgrade.

The total Capital Cost for Stage 2 is US\$105 million while that for Stage 1 was estimated at US\$68 million. Stage 2 expansion will significantly improve the capital efficiency of the Tembang project, depreciation and amortization costs on a unit per ounce gold produced basis will decrease from US\$465 per ounce to US\$267 per ounce. The Stage 2 Tembang total costs or C₃ costs¹ are estimated at US\$766 per ounce.

¹ C3 Costs re as defined by Brook Hunt and are total costs including royalties, depreciation and amortization of capital but before income tax, but after silver credits using a silver price of US\$30 per ounce and a recovery of 80%.

Table 2: Capital Costs

| Description | Stage 1 | Stage 2 - PFS | Total |
|--------------------|--------------------|-----------------------------------|---------------------|
| | DFS | Expansion | Project |
| Pre-production | US \$38.5 M | US \$ 1.5 M | US \$ 40.0 M |
| Sustaining Capital | US \$29.6 M | US \$35.9 M | US \$ 65.5 M |
| TOTAL | US \$68.0 M | US \$37.5 M ⁽¹⁾ | US \$105.5 M |

Note 1: The Expansion, Sustaining Capital for Stage 2 is shown in Table 3 below

Table 3: Stage 2, Expansion, Sustaining Capital

| Description | Stage 2 |
|-----------------------------|--------------------|
| | Sustaining Capital |
| Mining | US\$13.9 M |
| Process Plant | US \$10.0 M |
| Tails Storage Facility | US \$ 2.8 M |
| Other including Owners Cost | US \$ 8.3 M |
| Contingency | US \$ 2.4 M |
| Total | US \$37.5 M |

Further Work

Sumatra will further investigate the option of improving the study confidence level of the Berenai project to DFS level. Berenai accounts for 57% of the incremental gold production for Stage 2 and was previously partly mined. A DFS for Berenai was completed in 1995. As a result, it is expected that the Berenai Ore Body can be upgraded to a DFS level through a desktop study which can be accomplished relatively cheaply and in a relatively short time frame. This upgrade to the Berenai ore body will have a material impact on the debt funding capability of the project.

It is likely that both Bujang and Aidit may be more efficiently developed as underground developments. This will be investigated once the operation is up and running.



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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 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 40,000 ounces per annum gold.

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.

Gold Equivalent Reporting

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.

Appendix 1: Tembang Project April 2012 Ore Reserve Statement Summary

| 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_OP | Proved | 90 | 5.5 | 16,000 | 68.4 | 196,000 |
| | Probable | 60 | 3.4 | 6,000 | 53.2 | 97,000 |
| Belinau_UG | 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 |

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.

Appendix 2: Tembang Mineral Resource Statement August 2011; Reported to JORC Code Standards

Belinau Vein Above 2.78g/t Au Underground Cut-off

| BELINAU VEIN | Category | K tonnes | 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 Au Open Pit Cut-off

| OTHER VEINS | Category | K tonnes | 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 Au Open Pit Cut-off

| PSV | Category | K tonnes | Au g/t | Ag g/t | Au koz | Ag Koz |
|-----|------------------|---------------|-------------|------------|------------|--------------|
| | Measured | - | - | - | - | - |
| | Indicated | 11,313 | 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 | Category | K tonnes | 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 |
| | Sub-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 relating to Mineral Resources in Appendix 2 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'.