

**Sumatra Copper & Gold plc**

("the Company")

ASX Code: SUM

**Capital structure**

At 30.06.2018

3.8b listed CDIs

**Market capitalisation**

At 30.06.2018

CDI price: A\$0.012

Market capitalisation: A\$45.6m

**Cash & bullion, debt**

At 30.06.2018

Cash and bullion: US\$1.3

Loan facilities: US\$ 35 m

Zero Interest Bond: US\$3m

Working capital facility:

US\$5.7m

**Board of Directors**

*Chairman*

*Jocelyn Waller*

*Executive Director*

*Adi Sjoekri*

*Non-Executive Directors*

*Gavin Caudle*

*Andy Robb*

*David Fowler*

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**Highlights**

The Company presents its June 2018 quarterly activities report for the Tembang Gold-Silver Project, located in southern Sumatra, Indonesia ("Tembang").

**Production**

- Gold production for the quarter of 6,869 oz and silver production of 35,562 oz (total of 7,362 AuEq\* oz).
- All-in sustaining cost (AISC) of US\$1,624/oz.
- Significant savings in power costs (26c/Kwh to 8.2c/Kwh) following binding agreement with PLN for connection to grid.
- Open pit mining activities suspended until PLN power connection.
- Gold recovery of 92.2% and silver recovery of 77.0%.
- Finished product stocks of 218 oz gold and 497 oz silver at quarter end.

**Sales**

- Gold sales of 6,751 oz and silver sales of 51,441 oz.
- Gold and silver revenue of US\$8.86 million and US\$0.83 million respectively for total revenue of US\$9.68 million.
- Average realised sales price for gold of US\$1,310.62/oz and silver of US\$16.07/oz.

**Safety**

- No lost time injuries (LTIs) for the quarter.
- The site at the end of the quarter has a total of 173 LTI free days or 1,083,925 man hours without LTI.
- Despite two MTIs during the quarter, all 12-month rolling average frequency rates have decreased since the end of 2017 and the March 2018 quarter.

**Financial**

- Cash & cash equivalents at 30 June 2018 of US\$0.63 million and bullion of US\$ 0.65 million.
- US\$1.4 million senior secured loan repayment.
- The Company is now unhedged

**Exploration**

- Exploration activities remained focused on advancing priority targets in the Tembang Exploration Target Pipeline towards drill testing.
- 14 diamond holes drilled into near mine targets under the Merdeka strategic alliance.

\* AuEq = Gold Equivalent Ounces, calculated as oz Au + oz Ag / 72

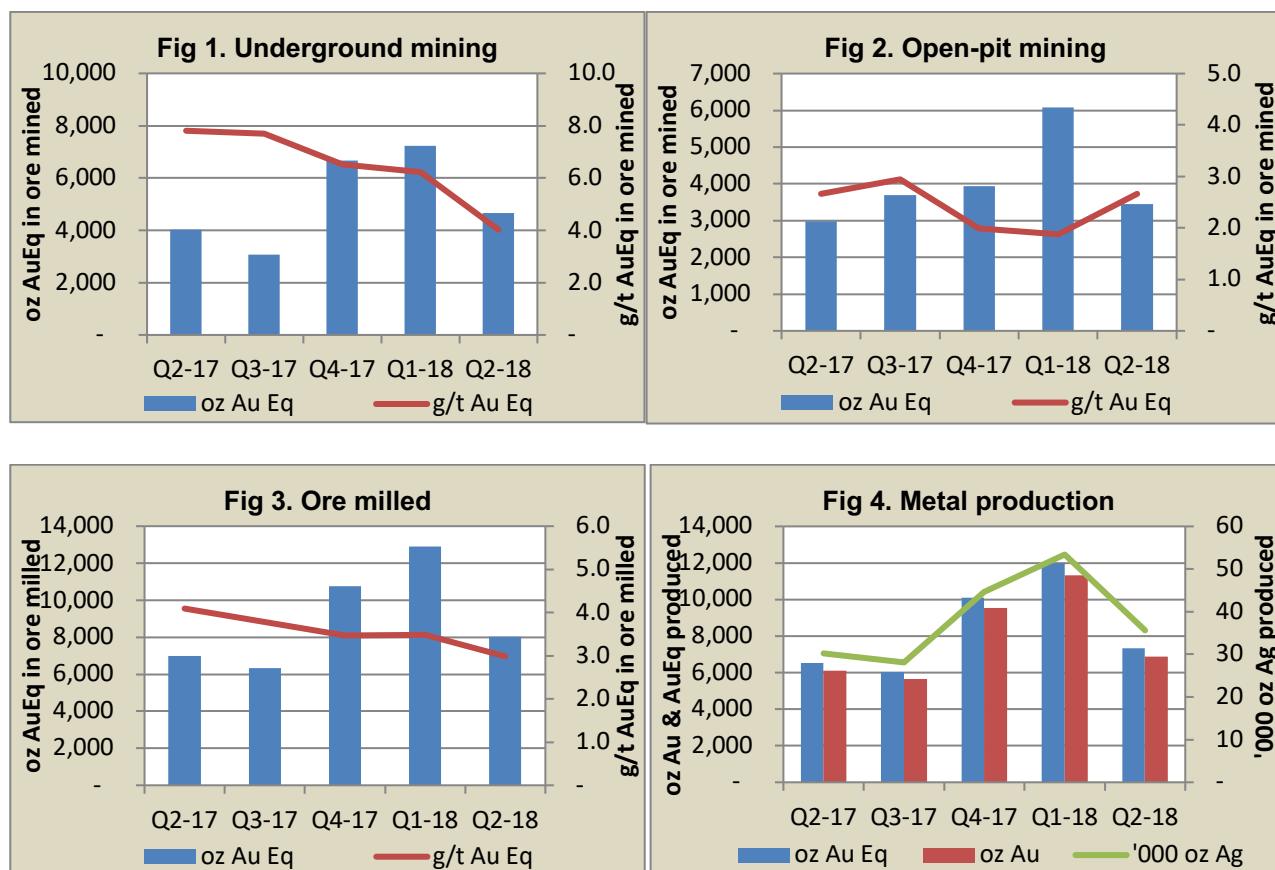
## Summary

**Table 1: Tembang Operations – Key Production Statistics –**

<b>Tembang Operations</b>	<b>Unit</b>	<b>Q2 2017</b>	<b>Q3 2017</b>	<b>Q4 2017</b>	<b>Q1 2018</b>	<b>Q2 2018</b>
<b>Underground mining</b>						
<b>Ore mined</b>	tonnes	16,050	12,428	31,899	36,100	<b>36,002</b>
<b>Mined grade</b>	g/t Au	7.17	6.91	6.19	5.82	<b>3.77</b>
	g/t Ag	45.71	63.71	25.86	32.64	<b>20.11</b>
<b>Contained metal</b>	oz Au	3,700	2,761	6,352	6,754	<b>4,366</b>
	oz Ag	23,587	25,457	26,523	37,882	<b>23,281</b>
<b>Open pit mining</b>						
<b>Ore mined</b>	tonnes	34,858	38,973	61,459	100,836	<b>40,319</b>
<b>Mined grade</b>	g/t Au	2.44	2.73	1.81	1.68	<b>2.41</b>
	g/t Ag	15.86	17.55	14.60	15.32	<b>19.69</b>
<b>Contained metal</b>	oz Au	2,738	3,415	3,577	5,449	<b>3,127</b>
	oz Ag	17,777	21,987	28,847	49,652	<b>25,524</b>
<b>Mill production</b>						
<b>Ore milled</b>	dmt	53,060	52,187	96,687	115,153	83,676
<b>Mill grade</b>	g/t Au	3.79	3.53	3.25	3.25	<b>2.77</b>
	g/t Ag	21.74	19.21	17.07	18.13	<b>17.16</b>
<b>Contained metal</b>	oz Au	6,466	5,930	10,114	12,043	<b>7,447</b>
	oz Ag	37,095	32,232	53,076	67,105	<b>46,166</b>
<b>Recovery</b>	% Au	94.40	95.57	94.40	93.88	<b>92.23</b>
	% Ag	81.47	87.20	84.05	79.59	<b>77.03</b>
<b>Recovered gold</b>	oz Au	6,104	5,667	9,548	11,306	<b>6,869</b>
<b>Recovered silver</b>	oz Ag	30,220	28,107	44,609	53,408	<b>35,562</b>
<b>Gold &amp; silver sales</b>						
<b>Gold sold</b>	oz Au	5,208	3,054	-	11,863	<b>6,751</b>
<b>Silver sold</b>	oz Ag	36,973	14,146	-	60,122	<b>51,441</b>
<b>Inventory at end of quarter</b>						
<b>Ore stocks</b>	oz Au	-	120	307	162	<b>41</b>
	oz Ag	-	541	3,128	2,083	<b>332</b>
<b>Metal in circuit</b>	oz Au	588	928	880	748	<b>502</b>
	oz Ag	3,938	4,483	3,922	3,223	<b>3,965</b>
<b>Finished product</b>	oz Au	1,094	247	512	668	<b>218</b>
	oz Ag	5,448	1,521	2,290	3,155	<b>497</b>

## Quarterly Production Data

Figures 1–4: Key Quarterly Production Data



AuEq conversion is based upon the relative gold/silver price for the respective quarter: 73, 69, 72, 74 for Dec, Mar, Jun and Sep quarters respectively

## All-in Sustaining Cost (AISC)

Table 2: Tembang Operations – All-in Sustaining Cost (AISC)

Tembang	Unit	JunQtr 2018	YTD 2018	Unit	JunQtr 2018	YTD 2018
Mining costs	US\$m	4,789	9,524	US\$/oz	697.19	524.03
Processing costs	US\$m	2,289	5,059	US\$/oz	333.26	278.35
General & admin costs	US\$m	1,411	2,905	US\$/oz	205.48	159.84
Technical services	US\$m	1,038	1,820	US\$/oz	151.06	100.14
Silver credits	US\$m	- 827	- 1,817	US\$/oz	- 120.44	- 99.97
Inventory movements	US\$m	61	1,185	US\$/oz	8.93	65.20
<b>Cash Costs</b>	<b>US\$m</b>	<b>8,761</b>	<b>18,676</b>	<b>US\$/oz</b>	<b>1,275.48</b>	<b>1,027.58</b>
Royalties	US\$m	373	997	US\$/oz	54.38	54.86
Capital works (sustaining)	US\$m	2,022	2,965	US\$/oz	294.39	163.14
<b>AISC</b>	<b>US\$m</b>	<b>11,156</b>	<b>22,638</b>	<b>US\$/oz</b>	<b>1,624.24</b>	<b>1,246</b>
Recovered Gold	oz Au	6,869	18,175			

## Tembang Operations

### Underground Mining

#### Development & Stopping

Ore production from Belinau underground mining operations was consistent throughout the quarter, however average grades were lower than expected resulting in lower ounces mined. The shrink stope mining sequence continued as planned despite one incident involving the shrink stopes largely attributed to correct procedures not being followed.

The shrink stopes are now extending along the eastern and western extents of the orebody, which reduced the number of active stopes that can be mined. This has shifted the main ore source from the shrink stopes to an increase in horizontal production (bench cut and fill or BCF mining) in the lower levels.

Ore mining commenced on Level 12, and despite some good sections of high grade ore, this level has performed below expectations due to a larger waste section being encountered (refer to the blue areas in Figure 12 of the Exploration section). The decline is continuing towards Level 13 and below, along with associated capital infrastructure mining.

A third primary ventilation fan was installed on 1 May and has provided a much needed improvement to underground ventilation, particularly in the lower levels. Improvements to the dewatering and pumping system are also ongoing with a focus on increased reliability of the mono pump.



*Figure 5. Installation on the new primary ventilation fan in progress*



## Open Pit Mining

Mining in the Berenai open pit was completed during the Quarter. Rainfall during the period was the highest recorded against Tembang's 10-year average, making mining at the bottom of the pit extremely difficult and costly. With Berenai now complete, the majority of the remaining open pit reserves are contained within the Asmar open pit. Under Tembang's current cost structure, Asmar is only marginally profitable.

As previously announced, the proposed connection of Tembang to the State-owned (PLN) electricity grid later this year will result in considerable reductions to power charges (from US\$0.26/Kwh to approximately US\$0.082/Kwh) with expected savings in processing costs, underground mining costs and administration.

During this intervening period, the Company has decided to terminate the Open Pit Equipment Hire Contract and anticipates mining will restart in the December 2018 quarter under a lower cost, bulk mining arrangement. The lower processing costs from grid power and a new open pit mining arrangement will allow the Asmar pit to be reoptimized at a lower cut-off grade. This will also potentially allow the significant Inferred Resource at Asmar to be targeted for conversion to reserve status.



*Figure 6. Berenai (Central) Pit following final ore extraction*

## Mine Geology

### Ore Mining

Mining at Tembang during the June 2018 quarter concentrated on the Berenai open pit and Belinau underground mine with limited open pit mining at Asmar. A total of 76,321t of ore was mined, with 24,775t of ore (2,126 oz AuEq) being mined from Berenai, 36,002t of ore (4,366 oz AuEq) being mined from Belinau, and 15,544t of ore (1,001 oz Au) being mined from Asmar.

Ore from the Berenai open pit came from the main Berenai lode as well as the Central zone, a SW-striking connecting structure between the SE-trending Berenai main lode and the sub-parallel Nuri lode to the east. Ore from Belinau underground was sourced from the main WSW-striking lode from a variety of faces including ore drives, benching and trenching (54%) and shrink stoping (46%).

### **Mine Reconciliation**

The reconciliation for Belinau was 29% negative on gold metal and 18% positive on silver metal when comparing the grade control model to the current 2017 Mineral Resource model. The negative reconciliation is primarily due to lower than expected grades. Ore production from the lower parts of the mine are experiencing significant waste where resource drill holes are sparse. A similar problem was found in the stopes, where two stopes had large negative grade reconciliations. These stopes were located at the far east and far west of the mine, again where resource drill holes are sparse.

The Berenai open pit reconciliations for the June quarter reported a 7% increase in gold metal and 10% increase in silver metal when comparing the grade control model to the 2017 Mineral Resource model.

This was due to a 5% increase in ore tonnes relative to the resource model accompanied by a 2% increase in gold grade and a 5% increase in silver grade.

The Asmar open pit reconciled poorly for the quarter, where a 57% decrease in ore tonnes accounted for the 59% loss in gold metal and a 34% loss in silver metal when compared to the 2014 Mineral Resource model. A review of Asmar is currently underway to improve the geological knowledge of the deposit.

Reconciliation of quarterly data for crusher feed and mill output shows a less than 2% variance in the estimate of ore tonnes, while there is a 5% over-call on gold grade and 15% over-call on silver grade.

### **Geological Review**

The Asmar open pit continues to undergo geological review to confirm the veracity of the Ore Reserve estimate and its economic viability.

### **Processing**

Total mill feed for the quarter was 83,676t, which contained 7,447 oz of gold and 46,166 oz of silver. Mill feed was lower than the target of 103,031t due to lack of supply from the mines. The SAG mill continues to operate well with a throughput of 62.7 tph compared to the target 56.1 tph. The ore blend was 26.2% Asmar, 30.1% Berenai, 43.7% Belinau. The gold grade during the quarter was 2.77 g/t and 17.2 g/t for silver compared to the target of 4.69 g/t for gold and 28.6 g/t for silver.

Gold recovery averaged 92.2% and 77.0 % for silver. The recovery was higher for gold and lower for silver compared to the target of 91.9% of gold and 80.1% of silver. This was largely in the expected range with the higher percentage of Asmar ore being processed.

Recovered product for the quarter was 6,869 oz of gold and 35,562 oz silver compared to the target of 14,285 oz of gold and 75,883 oz of silver in line with feed tonnes and grades. Mill availability was high at 92.4%, however utilisation was poor at 66.1%.

Run-of-mine stocks at the end of the quarter were 153t at an average grade of 3.7 g/t Au and 8.4 g/t Ag for total contained 18 oz Au and 41 oz Ag. Metal in circuit stocks at the end of the quarter totalled 502 oz Au and 2,328 oz Ag.

### **PLN Electricity Supply.**

Construction of the PLN powerline to the Tembang site is progressing well. There is 85km of line and approximately 11km of new poles required. The pole placement is 30% complete and the line is expected to be operational by the December 2018 quarter. The PLN line will reduce power costs from current 26c/Kwh to 8.2c/Kwh.

## Health & Safety

The site achieved 173 LTI free days or 1,083,925 man hours without an LTI on 30 June 2018.

There were 66 recorded incidents for the quarter, consisting of 2 Medical Treatment Injuries (MTI), 5 First Aid Injuries (FAI), 21 Property Damage, 10 Production Loss, 3 Environmental, 6 Security, 14 Near Miss and 5 Community.

A summary of the MTIs are listed below:

- 21 April 2018 – An underground miner sustained a right foot injury from a falling rock whilst scaling at Level 7 Stope 630. Medical treatment required 7 stitches.
- 25 June 2018 – A catering contractor employee stepped on a nail at the camp accommodation and was treated with a tetanus vaccination and prescribed medication.

The site at the end of the quarter achieved a total of 173 Lost Time Injury (LTI) free days or 1,083,925 man hours without a LTI. The 12 month rolling average frequency rates at quarter end were LTIFR 0.46, RWIFR 0.00, MTIFR 1.37 and TRIFR 1.82. Although the site recorded two MTIs during the quarter, all the 12 month rolling average frequency rates have decreased since end of 2017 and the March 2018 quarter.

Between 27 and 29 June 2018, Government Mine Inspectors conducted a site review resulting in the requirement for completion of the following major actions:

- Complete a Hazard Identification and Risk Assessment (HIRA) for all work areas; and
- Conduct a Mining Safety Management System (SMKP) internal audit.

The company continued with improving safety systems and management to increase awareness, improve safety behaviour and reduce the number of incidents.

A web based incident reporting and action management database (Merdeka Safe) was trialled by a User Acceptance Test during the quarter and is planned to be implemented in July 2018.

## Environment

There have been no significant known breaches of Tembang's licence conditions or of the relevant Acts and Regulations. The operation recorded no prosecutions or fines from the regulatory authorities.

Three environmental incidents occurred during the quarter as summarised below:

- 20 May 2018 – Landslide / erosion on Biawak Discharge Pond.
- 20 May 2018 – Landslide / erosion on Belinau Discharge pond.
- 27 May 2018 – Controlled water discharge from TSF3 was undertaken prior to the establishment of a lime dosing station. The discharge was required due to heavy rainfall events raising water levels in the facility.

The Government Mine Inspectors as part of the site review requested the following major actions:

- Improve employee access to undertake water management and monitoring at the Tailing Storage Facilities;
- Submit a Quarter 1 Environmental Monitoring and Management report to the Ministry of Energy and Mineral Resources (ESDM), Environmental and Technical Director.
- Submit an online report for Water Monitoring and Management and Land Opening to the Ministry of Energy and Mineral Resources (ESDM), Environmental and Technical Director; and

- Submit a 2018 reclamation document revision to the Ministry of Energy and Mineral Resources Director.

The total site average rainfall year to date is 2,018 mm. The rainfall received is higher than the site's 10 year total average for the same period of 1,723 mm.

## **Land Access**

Total land compensated at 31 June 2018 is 429.37 ha, 87.4 % of the total target area of 491.24 ha.

## **Security**

There were no security issues reported at the site during the quarter. The transition to a new security provider is ongoing.

## **Operating and Development Outlook**

At time of release, the Company is in a Voluntary Suspension pending an announcement on funding.



## Exploration

Exploration activities during the June quarter included surface drill testing of extensions to existing mineralised structures. Widely-spaced drilling was completed at Buluh and Berenai as well drilling below Belinau underground mine and along strike (Figure 7). A total of 4,505.1 metres of diamond coring was completed. More closely-spaced drilling began at Berenai South to test the down-plunge extents of the main ore shoot mined in the Berenai open pit (Figure 7)

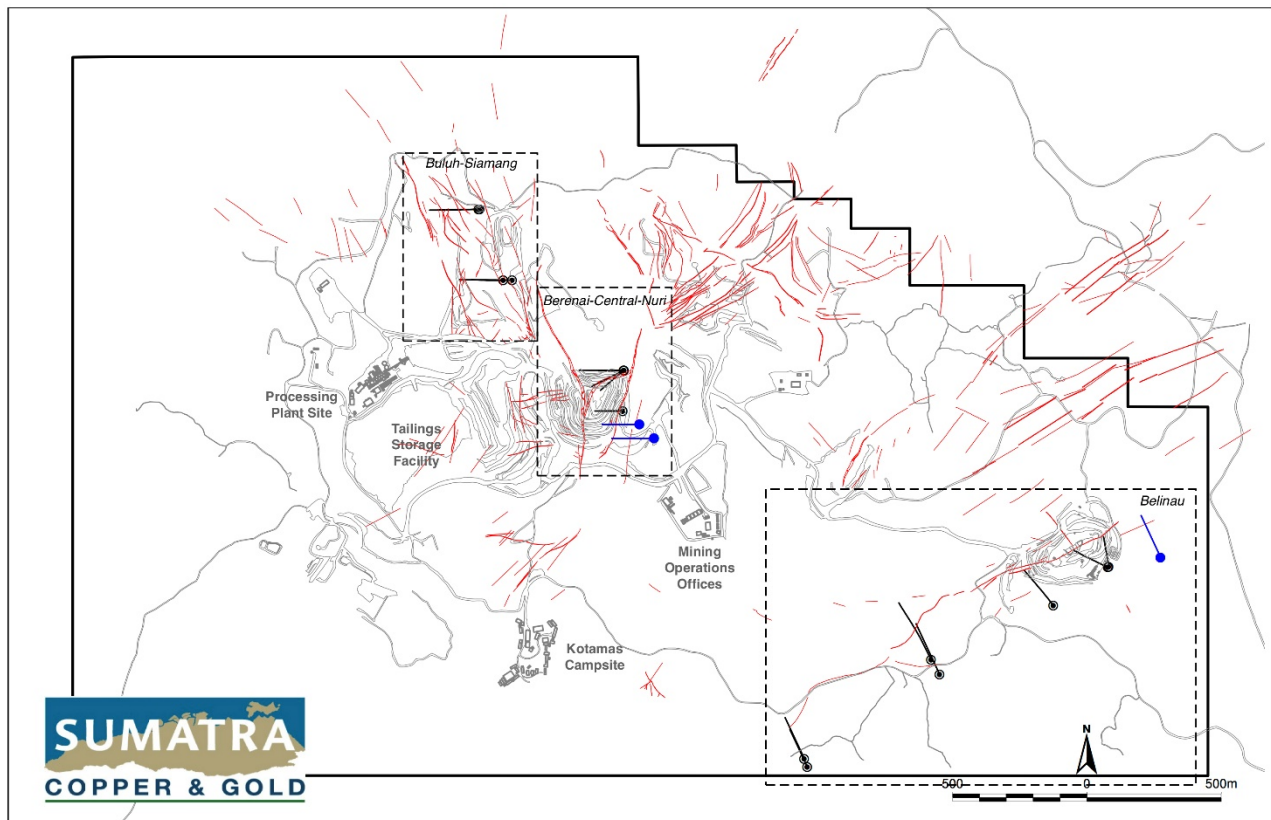


Figure 7. Plan of drillholes completed to end of June 2018

The most significant intersections included:

- **RDD18542: 0.7m at 7.21 g/t Au and 29.9 g/t Ag from 189.7m (true width 0.7m)**
- **RDD18550: 0.9m at 14.7 g/t Au and 11.0 g/t Ag from 291.0m (true width 0.5m)**

A complete list of all drill holes including significant intersections is presented in Table 3.

Table 3: Significant Drillhole Intersections (&gt;0.5g/t Au)

Hole Name	Rock Type	Intercept Length (m)	True Width (m)	Start Depth (m)	Au (g/t)	Ag (g/t)	Zone
<b>RDD18538</b>	Andesite breccia	2.0	0.7	100.3	0.89	8.4	Siamang
	Quartz breccia	0.5	0.2	105.9	3.01	11.9	Siamang
	Shear zone incl. quartz vein (35%)	1.9	1.8	204.3	0.76	8.1	Buluh
<b>RDD18539</b>	Quartz vein	1.2	-	114.0	0.78	5.3	Unknown
	Quartz vein	1.4	1.2	244.2	0.14	3.4	Buluh
<b>RDD18540</b>	Quartz and Fault breccia	2.3	-	84.1	0.74	7.2	Unknown
	Andesite breccia plus minor quartz veins	1.0	-	109.3	1.14	1.2	Unknown
	Andesite breccia plus minor quartz veins	1.0	-	157.1	0.55	7.4	Unknown
<b>RDD18541</b>	Quartz breccia	2.5	1.1	126.7	1.72	12.2	Siamang East (?)
	Shear zone incl. quartz vein (<25%)	2.8	2.4	274.7	0.12	1.6	Buluh
<b>RDD18542</b>	Volcanic breccia incl. quartz vein (10%)	0.5	-	163.9	2.10	7.8	Unknown
	Quartz vein	0.7	0.7	189.7	7.21	29.9	Berenai
<b>RDD18543</b>	Volcanic breccia plus minor quartz veins	0.5	-	163.7	0.59	0.9	Unknown
	Fault breccia	4.0	3.5	224.2	0.08	1.2	Berenai
<b>RDD18544</b>	Quartz breccia	0.6	0.5	257.3	0.60	0.60	Belinau splay/hangingwall
	Quartz breccia	0.6	0.4	302.9	0.09	0.9	Belinau
<b>RDD18545</b>	Andesite breccia plus minor quartz veins	1.0	-	46.4	0.56	2.1	Unknown
	Quartz breccia	0.6	-	147.4	0.57	4.2	Unknown
	Quartz breccia	2.6	2.4	175.4	1.62	2.3	Berenai
<b>RDD18546</b>	Fault breccia	5.7	4.9	208.0	0.12	1.0	Berenai
<b>RDD18547</b>	No assay data available						
<b>RDD18548</b>	Fault breccia	4.6	2.3	63.8	2.46	6.3	Puasa (?)
	Andesite lava plus minor quartz veins	1.0	0.9	286.0	2.63	59.9	Belinau splay/hangingwall
	Quartz vein	1.0	0.6	296.2	0.06	2.9	Belinau
<b>RDD18549</b>	No assay data available						
<b>RDD18550</b>	Quartz vein	0.9	0.5	230.8	14.7	11.7	Belinau splay/hangingwall
<b>RDD18551</b>	No assay data available						
<b>RDD18552</b>	No assay data available (quartz breccia 132.5 to 137.4m)						
<b>RDD18553</b>	No assay data available						
<b>RDD18554</b>	No assay data available (no significant quartz vein zone)						

## Drill Testing

Drilling under the Strategic Alliance between Merdeka Copper Gold and Sumatra Copper & Gold commenced in February 2018. The current program comprises 4 drillholes at Buluh north and south, 4 drillholes at Berenai and 2 drillholes at Belinau. There are a further 9 drillholes at Belinau awaiting approval.

### Buluh

The four drillholes (RDD18538, RDD18539, RDD18540 and RDD18541) completed at Buluh are shown in Figure 8. The drillholes demonstrated depth continuity of the primary Buluh structure to 250m below surface. While there were some anomalous results from the assays, none were considered economically significant.

### Berenai

The four drillholes (RDD18542, RDD18543, RDD18545 and RDD18546) completed at Berenai north are shown in Figure 9. As with Buluh, the drilling at Berenai north succeeded in demonstrating downward continuity but did not identify economically significant mineralisation. One hole intersected 0.7m at 7.21 g/t Au and 29.9 g/t Ag from 189.7m (true width 0.7m) in (RDD18542, Figure 10).

A second phase of drilling at Berenai south is in progress (RDD18552, RDD18554, RDD18555 and RDD18556) with two more drillholes to complete (Figure 9). These drillholes have confirmed the down-plunge extension of the ore shoot mined in the Berenai open pit. The ore shoot is distinctively oxidised to a significant depth and this oxidation has been identified in current drillholes. The drillholes have also confirmed the location of the Nuri zone to the east and have infilled data gaps in that ore zone. The Berenai and Nuri zones are similar in appearance and orientation.

Assays results are not yet available for any of the drilling at Berenai south. Once the results are received, a follow-up program will be designed to infill and extend any significant results.

### Belinau

Three drillholes (RDD18544, RDD18548 and RDD18550) were completed directly below the underground mine and another four (RDD18547, RDD18549, RDD18551 and RDD18553) were drilled to the west and far west of the mine (Figure 11). The drillholes below the mine demonstrated depth continuity 80m below the lowest mine level. Drillhole RDD18550 (Figure 12) intersected 0.9m at 14.7 g/t Au and 11.7 g/t Ag from 230.8m (true width 0.5m).

Plans are now underway to begin underground drilling to confirm the extents of mineralisation associated with this drillhole as well as infill holes between the lowest level of the underground mine and the intercepts from holes RDD18544 and RDD18548.

An Exploration Target of 70,000 to 140,000 tonnes at grades of 7.5 to 11g/t Au for 15,000 to 50,000 ounces Au has been applied to underground drilling at Belinau. The Exploration Target is based on reported grade control model grades within the existing mine as detailed in the Company's ASX announcement dated 10 July 2018. *The potential quantity and grade of the Exploration Target is conceptual in nature as there has been insufficient exploration to estimate a Mineral Resource and it is uncertain if further exploration will result in the estimation of a Mineral Resource.*

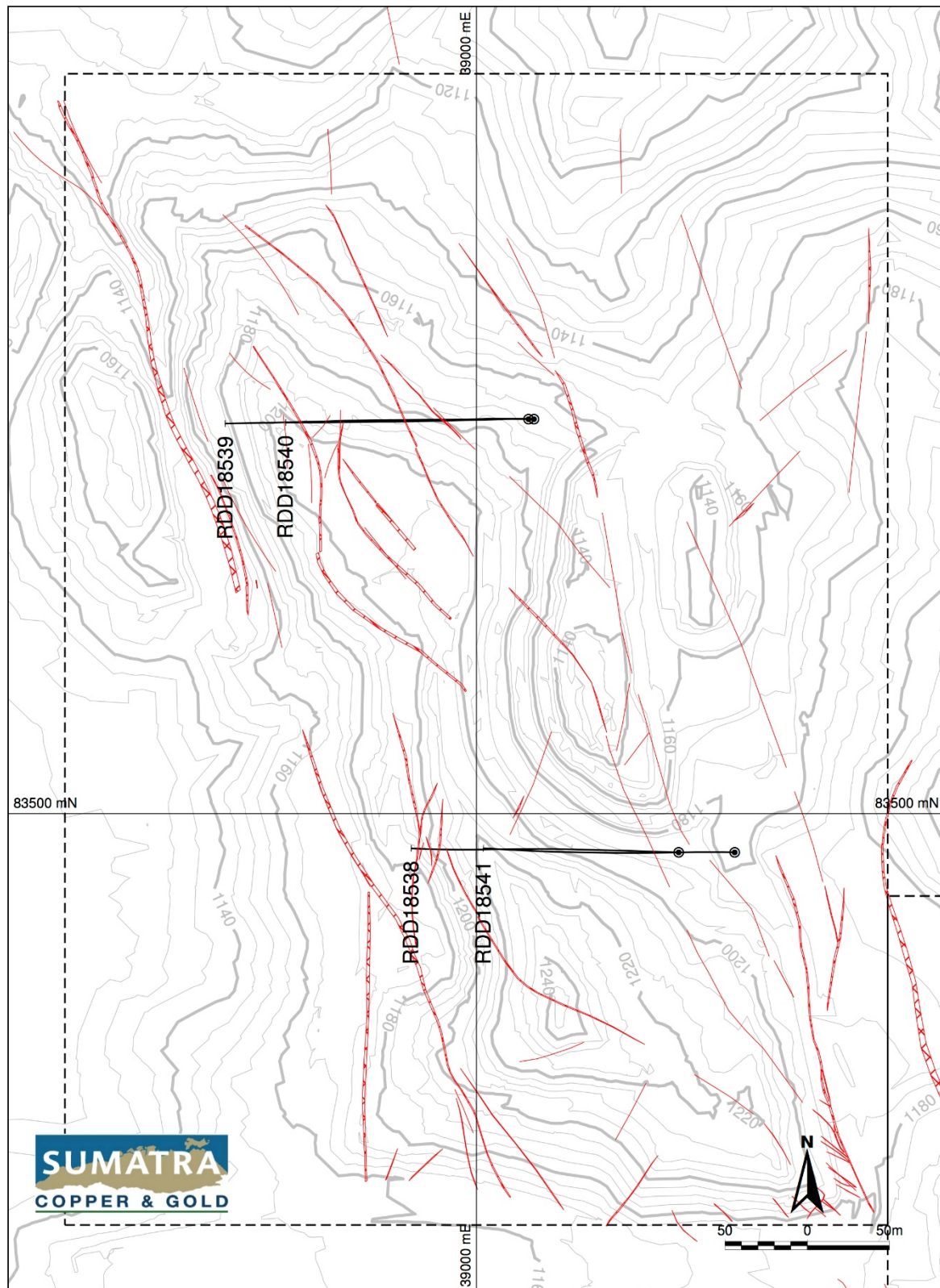


Figure 8: Plan of Buluh drillholes completed including surface traces of veins



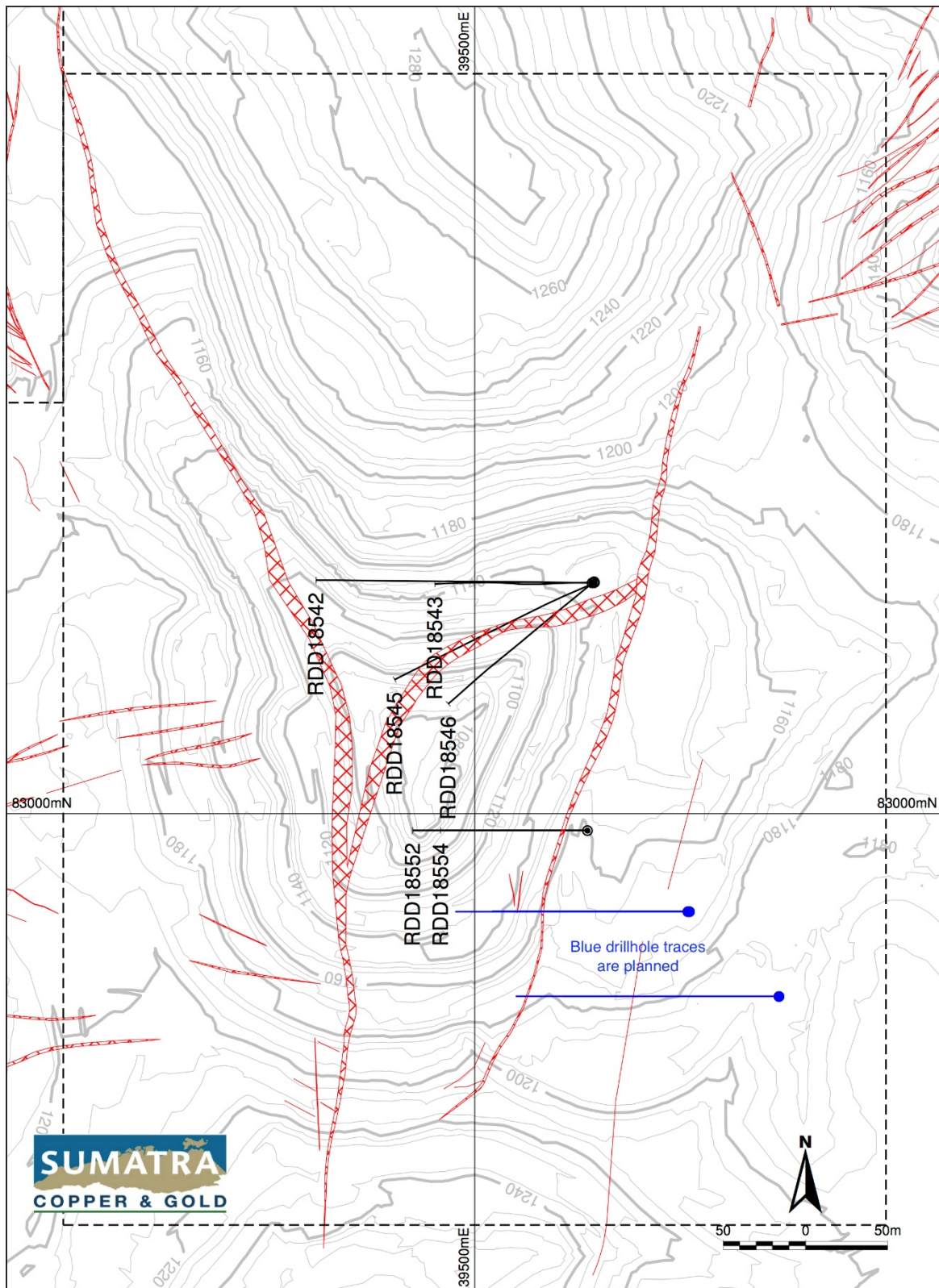
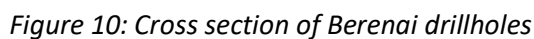


Figure 9: Plan of Berenai drillholes completed including surface traces of veins





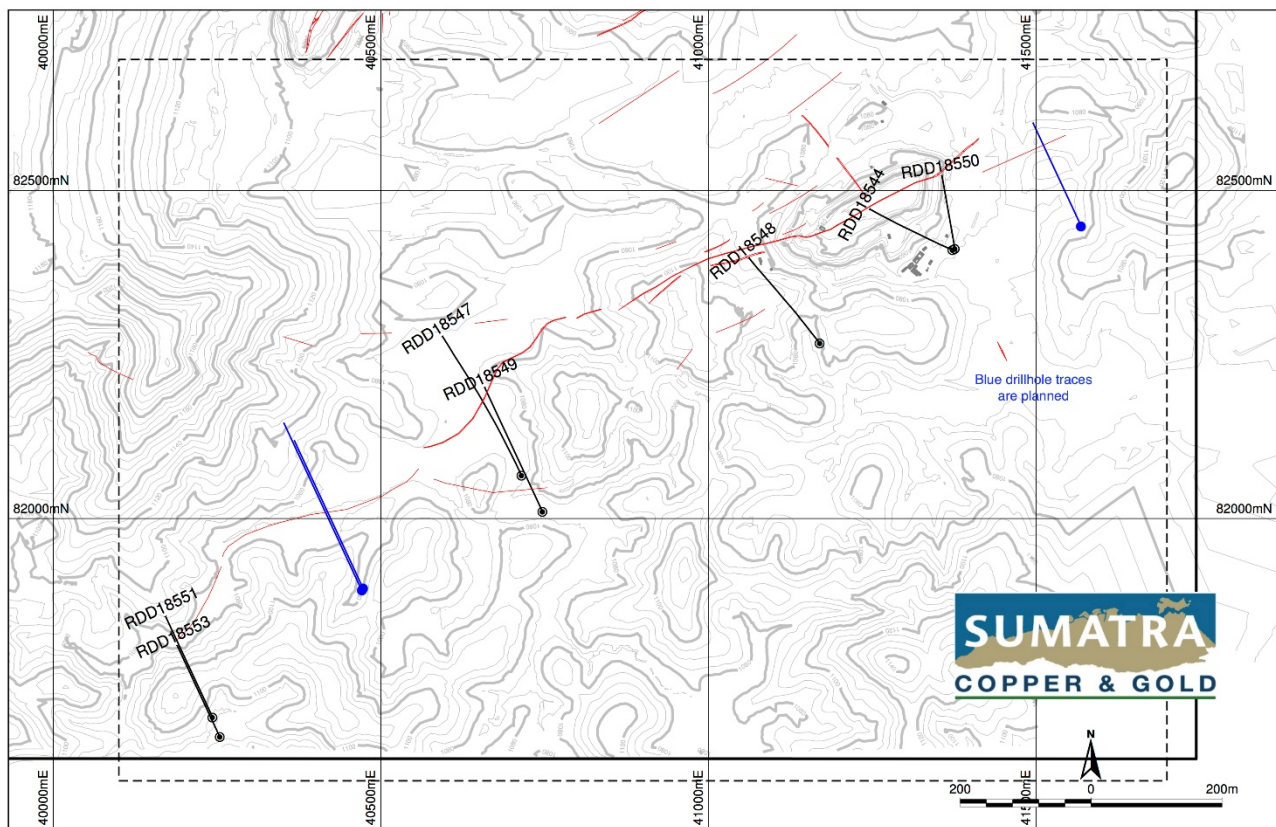


Figure 11: Plan of completed and planned Belinau drillholes including surface traces of veins

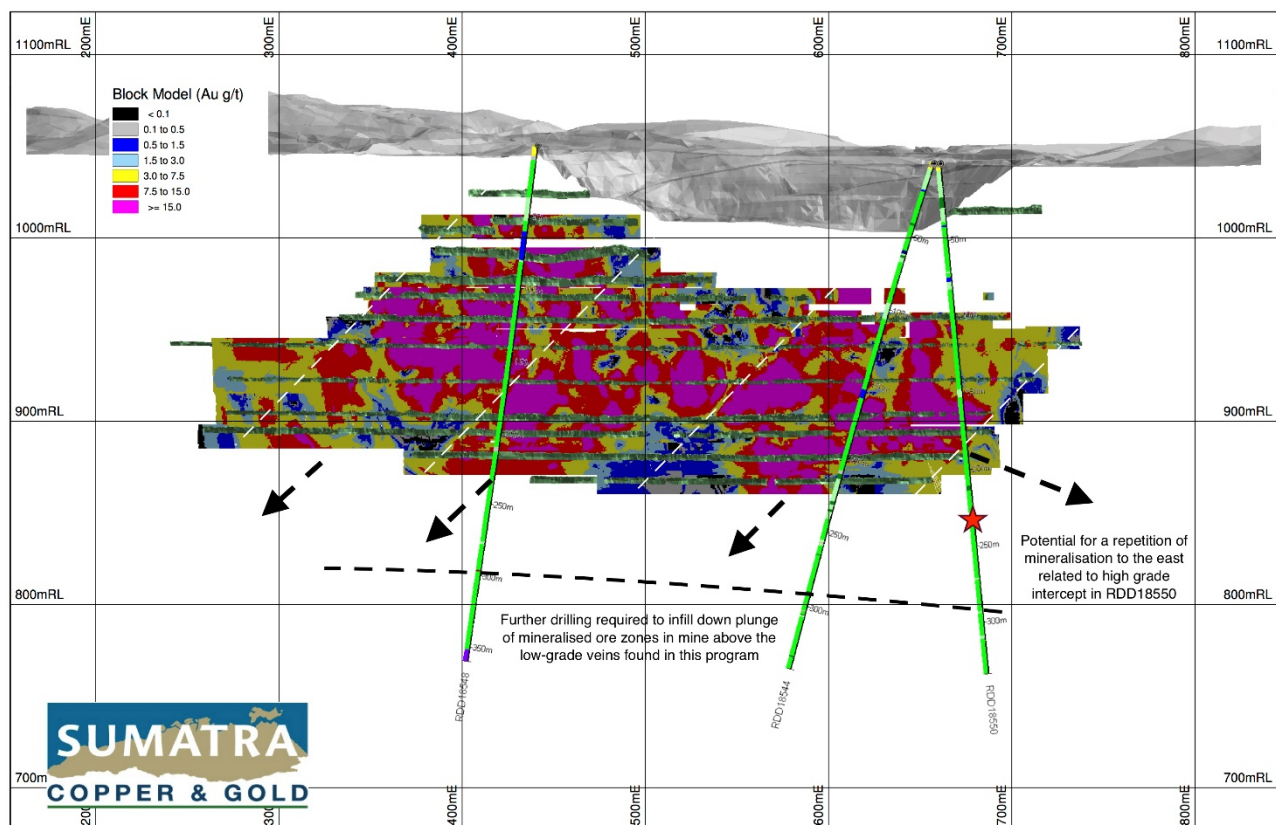


Figure 12: Long section of the Belinau grade control model including recent surface drilling

## Target Delineation

Past and present mines at Tembang lie along an axis that runs west-northwest to east-southeast through the Project (Figure 13). A consulting structural geology expert was employed to review the Project geology and recommend areas for exploration focus. The Tembang exploration team will follow-up on these areas to improve the surface geology knowledge and generate drill targets. One of the areas identified was the northwest of the project area (Figure 13).

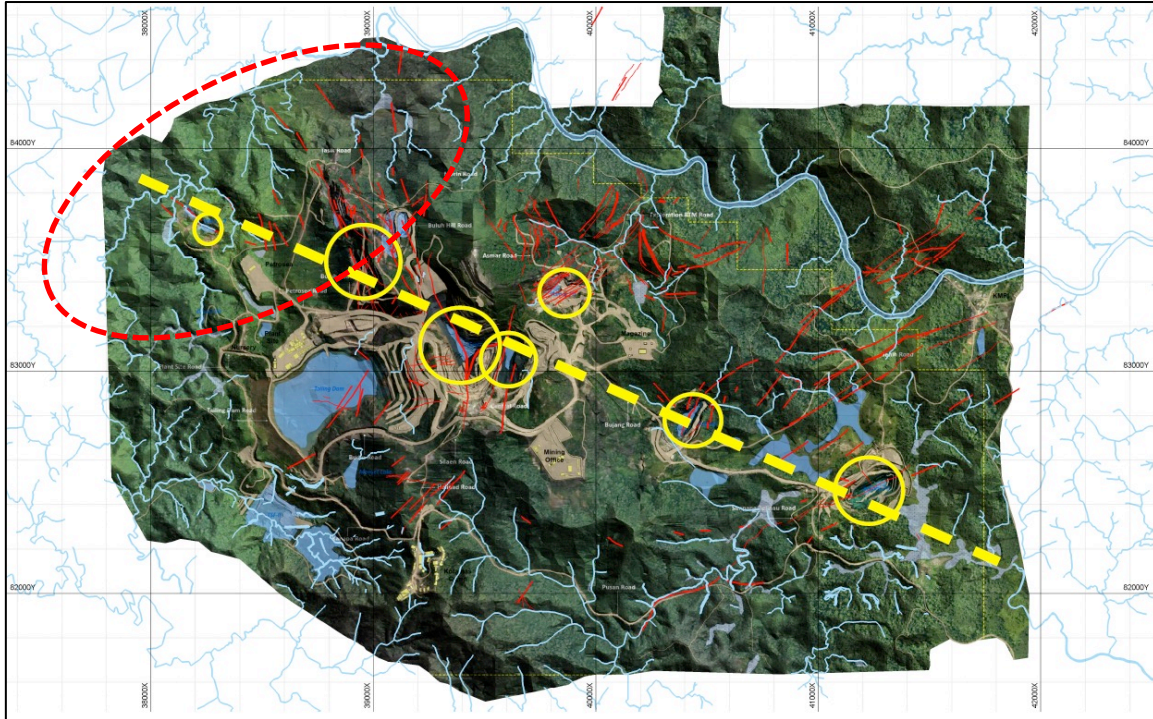


Figure 13: Tembang project veins, mineral deposits and future target areas

## Grassroots

A Tembang Rock Atlas collection was launched in September 2017 by collecting hand specimens from all prospects within Tembang Project area. The initiative continues.

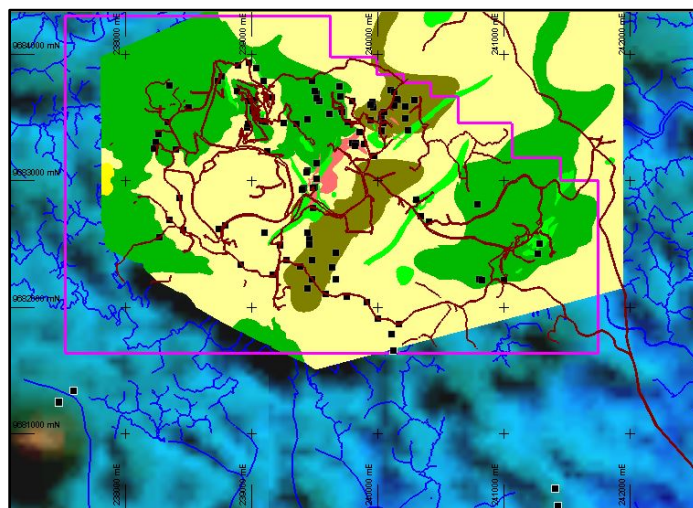


Figure 14: Location of rock hand specimen samples collected



## Finance

### Cash and cash equivalents

Cash and cash equivalents at 30 June 2018 were US\$0.63 million with bullion on hand at the end of the quarter with a value of US\$0.65 million.

### Gold Sales and Hedging

A total of 11,863 oz of gold and 60,122 oz of silver were sold at an average price of US\$1,325.83/oz and US\$16.46/oz respectively for total revenue of US\$16.7 million as summarised in Table 4.

**Table 4: Gold Sales for June 2018 Quarter**

Sales	Gold sold (Au)			Silver sold (Ag)			Total
	oz Au	US\$/oz	US\$m	oz Ag	US\$/oz	US\$m	US\$m
Total sales	11,863	1,325.83	15.73	60,122	16.46	0.99	16.72

There were no new gold or silver hedges entered into during the quarter. The Company is currently unhedged.

### Senior Secured Debt Facility

During June, the Company repaid US\$1.4 million in Senior Secured loans. US\$0.6 million was repaid in outstanding hedge obligations.

### Merdeka Strategic Alliance

On 18 September 2017, the Company announced that it had formed a Strategic Alliance with Indonesian gold producer Merdeka Copper Gold Tbk ("Merdeka"), whereby Merdeka will fund ongoing exploration to extend mine life and target production increases. Under the alliance, Merdeka will initially invest US\$1.5 million over the following 6 months. The Company will in turn issue CDI's to Merdeka at a price representing the 5 trading day VWAP prior to the signing of a formal agreement detailing the specifics of the agreed exploration program. On 3 July 2018 the Company made a placement of 86,384,276 CDI's to Merdeka under the provisions of the Strategic Alliance. The average price of the CDI's issued was A\$0.0177 being the average of the 5 day weighted average CDI price before each payment made by Merdeka to the Company.

Ultimately Merdeka can invest, in stages, up to US\$10.0 million under similar terms for each successive approved exploration program, subject to ongoing exploration success and appropriate corporate approvals. Further details on the priority exploration targets are outlined in the Exploration section of this report.

### Capital Structure

No shares were issued during the quarter. The Company has no outstanding warrants.

**Table 5: CDI capital structure at 30 June 2018**

CDI Holder	No. of CDIs	%
PROVIDENT MINERALS PTE LTD	658,985,058	33.94
PT SARATOGA INVESTAMA SEDAYA	562,083,917	28.95
CITICORP NOMINEES PTY LIMITED	243,174,314	12.52
NOKOTA CAPITAL MASTER FUND LP	182,958,163	9.42
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	47,831,485	2.46
GOLDSTAR MINING ASIA RESOURCES (L) BHD\	44,356,656	2.28
YAW CHEE SIEW	24,972,309	1.29
MRS JULIETTE M BUCHANAN	22,298,732	1.15
BERRAFALL PTY LTD <MORRIS HARDWICK S/F A/C>	7,500,000	0.39
BNP PARIBAS NOMS PTY LTD <UOB KAY HIAN PRIV LTD DRP>	7,323,783	0.38
<b>Total Top 10 CDI Holders</b>	<b>1,801,484,417</b>	<b>92.78</b>
Others	140,409,191	7.22
<b>Total CDI's on issue</b>	<b>1,941,893,608</b>	<b>100.00</b>

## Tenement Status (30 June 2018)

Category	Details
<b>Company:</b>	PT Bengkulu Utara Gold
<b>Ownership:</b>	70.00% SUM Singapore (Tandai) Pte Ltd 27.75% Sumatra Copper & Gold plc 2.25% PT Nusa Palapa Minerals
<b>Type of Permit:</b>	Mining Business Permit – IUP for Exploration
<b>Permit Number:</b>	Decree of the Chairman of Indonesia Investment Board (BKPM) No. 5 / 1 / IUP / PMA / 2016
<b>Total Area:</b>	14,044 Ha
<b>Location:</b>	Sub-district: Napal Putih, Padang Jaya, and Arga Makmur Regency : Bengkulu Utara Province : Bengkulu
<b>Date Issued:</b>	23 March 2016
<b>Permit Period:</b>	8 years to 21 December 2017

Note: PT BUG has received an approval for temporary suspension of its IUP Exploration Permit from the Directorate General of Mineral and Coal, letter No.1943/30/DJB/2017 dated 28 September 2017. This allows the permit in a suspension period until 31 August 2018. The suspension is given to conduct desktop preparation of a permitting upgrade to IUP Operation and Production.

Category	Details
<b>Company:</b>	PT Dwinad Nusa Sejahtera
<b>Ownership:</b>	99.95% Sumatra Copper & Gold 00.05% Adi Adriansyah Sjoekri
<b>Type of Permit:</b>	Mining Business Permit – IUP for Operation Production
<b>Permit Number:</b>	Decree of Musi Rawas Regent Nr. 263/KPTS/DISTAMBEN/2012
<b>Total Area:</b>	9,979 Ha
<b>Location:</b>	Village : Suka Menang Sub-district: Karang Jaya Regency : Musi Rawas (Now is Musi Rawas Utara) Province : Sumatera Selatan
<b>Date Issued:</b>	04 April 2012
<b>Permit Period:</b>	20 years to 03 April 2032

Category	Details
<b>Company:</b>	PT Musi Rawas Gold
<b>Ownership:</b>	92.50% Sumatra Copper & Gold 07.50% PT Nusa Palapa Minerals
<b>Type of Permit:</b>	Mining Business Permit – IUP for Exploration
<b>Permit Number:</b>	Decree of Musi Rawas Regent Nr. 657/KPTS/DISTAMBEN/2012
<b>Total Area:</b>	9,848 Ha
<b>Location:</b>	Sub-district: Karang Jaya Regency : Musi Rawas (Now is Musi Rawas Utara)

	Province : Sumatera Selatan
<b>Date Issued:</b>	28 December 2012
<b>Permit Period:</b>	5 years to 27 December 2017

Note : PT Musi Rawas Gold is in process of requesting a temporary suspension on its IUP permitting to allow further time in justifying an upgrade to Operation and Production IUP Permitting.

### **Tenure relinquished during the quarter**

There was no tenure relinquished during the quarter.

### **For further information please contact:**

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### **About Sumatra Copper & Gold plc**

Sumatra Copper & Gold plc (ASX: SUM) is a gold and silver producer and precious metals explorer in southern Sumatra, Indonesia. The Company's flagship asset is its Tembang gold-silver mine, currently in production. The Company also has an extensive exploration portfolio with projects ranging from brownfield, near-production opportunities to strategically located greenfield holdings.

### **Competent Person's Statement – Exploration Results**

The information in this report that relates to exploration results and Target Statements is based on information compiled by Mr Brian New, who is a full time employee to the Company and a Member of the Australasian Institute of Mining and Metallurgy. Mr New 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 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr New consents to the inclusion in this report of the matters based on his information in the form and context in which it appears.



## Appendix 1

### JORC Code, 2012 Edition

JORC TABLE 1: THE INFORMATION IN THIS TABLE REFERS TO THE FOLLOWING PROJECTS: BERENAI AND BELINAU

#### Section 1: Sampling Techniques and Data

(Criteria in this section apply to all succeeding sections)

Criteria	JORC Code explanation	Commentary
Sampling techniques	<i>Nature and quality of sampling (e.g. cut channels, random chips, or specific specialised industry standard measurement tools appropriate to the minerals under investigation, such as down hole gamma sondes, or handheld XRF instruments, etc). These examples should not be taken as limiting the broad meaning of sampling.</i>	<ul style="list-style-type: none"> <li>Diamond (DH) core and reverse circulation (RC) chips samples are the two main sample types for Berenai.</li> <li>Diamond (DH) core; reverse circulation (RC) chips and Underground face channel samples are the three main sample types for Belinau.</li> </ul>
	<i>Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used.</i>	<ul style="list-style-type: none"> <li>Drilling is typically completed along 25m spaced, regular sections at 25-50m drill hole spacing to ensure that the deposits have representative samples collected.</li> <li>Underground face channel samples are taken every cut (+/- 3meters), the underground samples were taken at right angles to mineralisation (i.e. horizontal face channel samples) and the location, thickness and tenor outlined is representative of the mineralisation.</li> </ul>
	<i>Aspects of the determination of mineralisation that are Material to the Public Report. In cases where 'industry standard' work has been done this would be relatively simple (e.g. 'reverse circulation drilling was used to obtain 1 m samples from which 3 kg was pulverised to produce a 30 g charge for fire assay'). In other cases more explanation may be required, such as where there is coarse gold that has inherent sampling problems. Unusual commodities or mineralisation types (e.g. submarine nodules) may warrant disclosure of detailed information.</i>	<ul style="list-style-type: none"> <li>The diamond drill core is sampled on selective, regular intervals based on observed geological parameters.</li> <li>RC chip samples were taken at one metre intervals across the mineralised zones. The samples were split to produce a 3kg subsample that was pulverised to produce a 30 g charge for fire assay. Historic RC sampling practices prior to DNS (PT Dwinad Nusa Sejahtera) are assumed to have been collected using standard industry practice for the time.</li> <li>Underground face channel samples are taken every cut (+/- 3meters). The underground face channel samples are 3 – 5kg taken at right angles to mineralisation.</li> </ul>

QUARTERLY REPORT: JUNE 2018

Criteria	JORC Code explanation	Commentary
<b>Drilling techniques</b>	<i>Drill type (e.g. core, reverse circulation, open-hole hammer, rotary air blast, auger, Bangka, sonic, etc) and details (e.g. core diameter, triple or standard tube, depth of diamond tails, face-sampling bit or other type, whether core is oriented and if so, by what method, etc).</i>	<ul style="list-style-type: none"> <li>PQ/PQ3/HQ/HQ3 sized diamond drill core is used.</li> <li>Standard wireline triple-tube (split sets) are used.</li> <li>Core is oriented wherever possible using the spear technique.</li> <li>Most of the holes were angled grid west on the main vein, except where steep topography did not allow this, to get close to true thickness intersections of the quartz veining.</li> <li>RC drilling for infill and grade control has been used in Berenai.</li> </ul>
<b>Drill sample recovery</b>	<i>Method of recording and assessing core and chip sample recoveries and results assessed.</i>	<ul style="list-style-type: none"> <li>A geotechnician is present at each drill rig on a 24hr /7 day basis.</li> <li>The geotechnician records recovery and RQD at the drill rig before core is moved.</li> <li>All core is laid out at the rig in ½ PVC pipe for inspection.</li> <li>The driller marks zones of core loss with wooden block.</li> <li>Recovered core is measured and compared to each drilling interval.</li> <li>RC sample recovery is recorded by weighing the complete sample recovered and comparing this to the theoretical volume from the hole multiplied by the estimated bulk density. No RC recovery data is recorded prior to DNS.</li> </ul>
	<i>Measures taken to maximise sample recovery and ensure representative nature of the samples.</i>	<ul style="list-style-type: none"> <li>HQ3 triple tube (split sets) are used to maximize core recovery.</li> <li>Drillers are informed prior to start of hole where zones of interest are expected.</li> <li>Once the quartz vein lodes are intersected, drillers use short (1.5m) core runs to maximise recovery.</li> </ul>
	<i>Whether a relationship exists between sample recovery and grade and whether sample bias may have occurred due to preferential loss/gain of fine/coarse material.</i>	<ul style="list-style-type: none"> <li>No consistent relationship between grade and core recovery and therefore no evidence that indicates a systematic sample bias.</li> <li>Sample recoveries on historic RC samples are unknown, however the RC drilling practices prior to DNS are assumed to have been standard industry practice for the time.</li> </ul>
<b>Logging</b>	<i>Whether core and chip samples have been geologically and geotechnically logged to a level of detail to support appropriate Mineral Resource estimation, mining studies and metallurgical studies.</i>	<ul style="list-style-type: none"> <li>Drill core is logged for geotechnical and structural geology, lithology, alteration, mineralization and mineralogy, presence and type of quartz veining, and presence/intensity of Fe-oxides.</li> <li>Structural data including veins, shears, fractures are recorded relative to the core axis.</li> <li>Where core has been oriented measurements are collected using a "rocket launcher" and recorded as normal strike / dip (as opposed to alpha/beta).</li> <li>The RC chip samples were logged descriptively and codes are used to describe lithology and alteration type / intensity, as well as various percentages of minerals.</li> </ul>
	<i>Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc) photography.</i>	<ul style="list-style-type: none"> <li>Core logging is both qualitative and quantitative.</li> <li>Core is logged descriptively and codes are used to describe all alteration type/ intensity, quartz type and intensity as well as various percentages of minerals.</li> <li>Whole drill core is photographed at the drill rig and half core is photographed again after sampling.</li> </ul>

QUARTERLY REPORT: JUNE 2018

Criteria	JORC Code explanation	Commentary
	<i>The total length and percentage of the relevant intersections logged.</i>	<ul style="list-style-type: none"> <li>All diamond drill holes are logged for geotechnical and geological information.</li> <li>All RC drill chips are logged to a level of detail to support appropriate mineral resource estimation.</li> </ul>
<b>Sub-sampling techniques and sample preparation</b>	<i>If core, whether cut or sawn and whether quarter, half or all core taken.</i>	<ul style="list-style-type: none"> <li>Diamond drill core is sawn lengthwise into two equal parts (halves).</li> <li>Samples of half core are taken on approximately one metre intervals.</li> <li>Efforts are made to ensure core samples are greater than 0.5m and no more than 2.0m.</li> <li>Continuous sampling is completed through mineralized vein lodes and selective sampling is used outside of these mineralised intervals.</li> </ul>
	<i>If non-core, whether riffled, tube sampled, rotary split, etc and whether sampled wet or dry.</i>	<ul style="list-style-type: none"> <li>A triple tier splitter was utilised at the RC rig to collect the 1m samples into calico bags for assay. The splitter was cleaned between each samples, whilst the cyclone was cleaned after each 6m rod change. Wet samples are dried prior to splitting to get a representative sample.</li> <li>Development and stope samples are taken as rock chips by face channel sampling of the mining face according to geological boundaries.</li> </ul>
	<i>For all sample types, the nature, quality and appropriateness of the sample preparation technique.</i>	<ul style="list-style-type: none"> <li>Diamond core sample size is considered to be appropriate for this style of deposit.</li> <li>Sampling of half core is minerals industry standard practice.</li> <li>Sample preparation involves drying, weighing, crushing (95% &lt;5mm) and pulverising (95% &lt;75um) the entire sample using a LM2 pulveriser.</li> </ul>
	<i>Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples.</i>	<ul style="list-style-type: none"> <li>Duplicate samples are collected and assayed.</li> <li>Certified reference material or "standards" are utilised.</li> </ul>
	<i>Measures taken to ensure that the sampling is representative of the in situ material collected, including for instance results for field duplicate/second-half sampling.</i>	<ul style="list-style-type: none"> <li>Duplicates of half-core samples have been taken and demonstrate variability expected in a narrow vein, high grade gold deposit.</li> <li>Regular and systematic insertion of blanks (1 in 20 samples) and standards (1 in 20 samples) have been carried out since the start of the drilling programs in 2007.</li> <li>The current practice by SCG, for grade control underground face sample is to take a field duplicate every fifty samples.</li> </ul>
	<i>Whether sample sizes are appropriate to the grain size of the material being sampled.</i>	<ul style="list-style-type: none"> <li>Samples of half diamond drill core is appropriate for the grain size of mineralization being sampled.</li> </ul>

QUARTERLY REPORT: JUNE 2018

Criteria	JORC Code explanation	Commentary
<b>Quality of assay data and laboratory tests</b>	<i>The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total.</i>	<ul style="list-style-type: none"> <li>• Exploration drilling samples are crushed, pulverized and assayed at Intertek Testing Services laboratory <a href="http://www.intertek.com/minerals/global-services">http://www.intertek.com/minerals/global-services</a>. The following elements and ITS techniques are used:</li> <li>• Triple acid digestion (HCL/HNO3 /HClO4).</li> <li>• Au by 50 gram Fire Assay with lower/upper detection limits of 0.005/50 ppm Au.</li> <li>• Ag by 30 g AAS with accurate volumetric finish with lower/upper detection limits of 5/10,000ppm Ag.</li> <li>• Grade control and Underground Face samples are analysed on site by PT. Geoservices <a href="http://www.geoservices.co.id/mineral-analysis">http://www.geoservices.co.id/mineral-analysis</a>. Sub-sample of 30 gram pulps are analysed by Aqua Regia methods for Au and Ag.</li> </ul>
	<i>For geophysical tools, spectrometers, handheld XRF instruments, etc, the parameters used in determining the analysis including instrument make and model, reading times, calibrations factors applied and their derivation, etc.</i>	<ul style="list-style-type: none"> <li>• Not Applicable</li> </ul>
	<i>Nature of quality control procedures adopted (e.g. standards, blanks, duplicates, external laboratory checks) and whether acceptable levels of accuracy (i.e. lack of bias) and precision have been established.</i>	<ul style="list-style-type: none"> <li>• Duplicates that have been collected and analysed recently demonstrate a level variability expected from a narrow vein, high grade precious metal deposit.</li> <li>• Blanks have not been inserted in the sample stream.</li> <li>• Certified Reference Material (CRM) or "standards" have been inserted into the sample stream at regular interval (1/20) with results showing that Lab performance is well within industry standard.</li> <li>• Umpire Lab analysis of duplicates of coarse rejects and pulps have been completed at SGS Indo Assay, Jakarta every six months on average with results demonstrating that the primary Lab, Intertek is within industry standards.</li> </ul>
<b>Verification of sampling and assaying</b>	<i>The verification of significant intersections by either independent or alternative company personnel.</i>	<ul style="list-style-type: none"> <li>• No independent sampling has been undertaken by Cube.</li> </ul>
	<i>The use of twinned holes.</i>	<ul style="list-style-type: none"> <li>• No specific twin holes have been drilled. Based on the close spaced drilling, the mineralisation intersections show high grade variability between the holes.</li> </ul>



QUARTERLY REPORT: JUNE 2018

Criteria	JORC Code explanation	Commentary
	<i>Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols.</i>	<ul style="list-style-type: none"> <li>Drilling data is collected on hard copies (example A3 geological log sheet) and MS Excel files (example sample consignment).</li> <li>Geologists manually enter drill logs, sample consignments, etc.</li> <li>Drilling data is stored and managed using MS Access.</li> <li>Database Administrator receives drilling, geological and assay data and loads directly into MS Access.</li> </ul>
	<i>Discuss any adjustment to assay data.</i>	<ul style="list-style-type: none"> <li>No adjustments have been made to assay data, all assays in database are based on original assay results.</li> </ul>
<b>Location of data points</b>	<i>Accuracy and quality of surveys used to locate drill holes (collar and down-hole surveys), trenches, mine workings and other locations used in Mineral Resource estimation.</i>	<ul style="list-style-type: none"> <li>In 2007 SCG commissioned PT GeoServices to complete a topographic survey of the Tembang post-mining surface. A set of survey beacons was established tied to the Indonesian UTM national grid. From the pick-up of old drill collar markers and infrastructure a correction factor was established to adjust the existing BTM data to true UTM coordinates.</li> <li>All drill collars are surveyed by company surveyors using total station survey equipment and tied in to the independently verified system of triangulation benchmarks as outlined above.</li> <li>All drill holes were surveyed at 50m intervals downhole either with a single shot camera or as with the recent drilling using a digital orientation device. Readings indicate that deviation is minimal.</li> </ul>
	<i>Specification of the grid system used.</i>	<ul style="list-style-type: none"> <li>All coordinates are quoted in UTM-UTS Zone 48 South.</li> </ul>
	<i>Quality and adequacy of topographic control.</i>	<ul style="list-style-type: none"> <li>Since 2007 the definition of the surface topography has been improved with more detailed survey work. The approximate depths of the flooded pits have been established from raft borne plumb-line surveys. The topographic data used in the reported data was updated in 2014 and includes more than 125,000 individual survey points, and is kept updated during the mining process.</li> <li>Since backfill was encountered after dewatering Berenai pit in later part of 2016, amendments to the 2014 surface topography have been estimated for the Berenai, Bujang and Belinau historical open-pits using projections to current pit wall slopes.</li> </ul>

QUARTERLY REPORT: JUNE 2018

Criteria	JORC Code explanation	Commentary
<b>Data spacing and distribution</b>	<i>Data spacing for reporting of Exploration Results.</i>	<ul style="list-style-type: none"> <li>Exploration data spacing is variable with collar spacing varying from 25m x 25m to 50m x 50m. Grade control data spacing is 12.5m x 5m. Underground face channel samples are taken every cut (+/- 3meters).</li> </ul>
	<i>Whether the data spacing and distribution is sufficient to establish the degree of geological and grade continuity appropriate for the Mineral Resource and Ore Reserve estimation procedure(s) and classifications applied</i>	<ul style="list-style-type: none"> <li>The data spacing and distribution is sufficient to establish the geological and grade continuity appropriate for the mineral resource estimation. Data spacing has been taken into account when determining the mineral resource classification to be applied to the estimate.</li> </ul>
	<i>Whether sample compositing has been applied.</i>	<ul style="list-style-type: none"> <li>No compositing has been applied to reporting of drilling results.</li> <li>Downhole composite has used for Berenai</li> <li>Compositing of assay data for the Belinau Mineral Resource estimation has used mineralised intercept intervals.</li> </ul>
<b>Orientation of data in relation to geological structure</b>	<i>Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type.</i>	<ul style="list-style-type: none"> <li>Most of the drilling is planned and drilled normal (right) angles to the target vein lodes except in areas where natural or man-made topography can't be avoided.</li> </ul>
	<i>If the relationship between the drilling orientation and the orientation of key mineralised structures is considered to have introduced a sampling bias, this should be assessed and reported if material.</i>	<ul style="list-style-type: none"> <li>No material sampling bias caused by drilling direction has been recognized.</li> </ul>
<b>Sample Security</b>	<i>The measures taken to ensure sample security.</i>	<ul style="list-style-type: none"> <li>Drill core samples are moved by vehicle in covered core trays from the drill site to the core processing facility at Tembang Camp.</li> <li>Company personnel log, photograph and split the core. Half of the core is retained in the core shed as a geological reference and further test work if required.</li> <li>All samples for assay are bagged in numbered calico sample bags which are then sewn in to polyweave bags for transport and secured with cable wire and labelled security tags.</li> <li>Samples are dispatched by a regular door to door courier service from the Tembang Site straight to the ITS laboratory in Jakarta.</li> <li>This is considered to be a secure and reasonable procedure and no instances of tampering with samples have been observed since commencement of drilling activities in 2007.</li> </ul>
<b>Audits or reviews</b>	<i>The results of any audits or reviews of sampling techniques and data.</i>	<ul style="list-style-type: none"> <li>Representatives of H&amp;S Consultants visited the project site in 2013 to review core handling and sampling procedures and found these procedures to industry best practices.</li> <li>Representatives of Cube Consulting visited the project site in 2013 and December 2016 to review core handling and sampling procedures and found these procedures to be industry best practices.</li> </ul>

## QUARTERLY REPORT: JUNE 2018

### Section 2: Reporting of Exploration Results

(Criteria listed in the preceding section also apply to this section.)

Criteria	Explanation
<b>Mineral tenement and land tenure status</b>	<ul style="list-style-type: none"> <li>Sumatra's tenure is under the Indonesian national Izin Usaha Pertambangan or Mining Business License (IUP) system. The Tembang project is held by PT Dwinad Nusa Sejahtera (DNS), a 100% owned subsidiary of SCG, within IUP licence 22/KPTS/DISAMBEN/2009 that covers both the old Rawas Mine site and surrounding area covering a total of approximately 100km<sup>2</sup>.</li> <li>Sumatra's tenure is in "production forest" and as such requires a "borrow and use" permit from the Indonesian department of forestry. Sumatra was granted a borrow and use permit for its Dwinad IUP in April 2013 (ASX release 26/04/2013).</li> </ul>
<b>Exploration done by other parties</b>	<ul style="list-style-type: none"> <li>CRA (now Rio Tinto) started exploring in the area in 1986 and negotiated a Contract of Work agreement with the government under the name of a PMA company, PT Barisan Tropical Mining (PT BTM). The Rawas deposit was outlined, and regional sampling was carried out elsewhere within the then Contract of Work (COW) boundaries. By 1991, CRA had drilled 81 diamond drill holes for 11,747 metres, and completed over 9,000 metres of trenching mainly focussed on the Berenai and associated vein systems. CRA conducted feasibility at the time and concluded that the deposit did not have the potential to meet CRA's Mineral Resource size criteria.</li> <li>Laverton took over the BTM CoW and entered the Feasibility Study period in 1991. A move to the Construction period was approved in November 1995. Laverton completed a further 17,148 metres of diamond drilling and 101,388 metres of RC drilling for the feasibility and construction.</li> </ul>
<b>Geology</b>	<ul style="list-style-type: none"> <li>The mineralisation at Tembang is considered to be an intermediate sulphidation epithermal style.</li> <li>Gold-silver bearing quartz sulphide veins are hosted by mostly brittle andesitic rocks of the Miocene Hulusimpang Formation.</li> <li>Base metals are generally low except at depth in some of the vein systems.</li> </ul>
<b>Drill hole information</b>	<ul style="list-style-type: none"> <li>This current report is not disclosing specific drilling results. All recent drill hole intersections have been separately reported.</li> <li>List of drill holes forming the basis of the Mineral Resource estimates is in the report Appendix 5.</li> </ul>
<b>Data aggregation methods</b>	<ul style="list-style-type: none"> <li>Economic intercepts of gold and silver are calculated and reported using the length-weighted averages of individual samples at a nominal cut-off value of 0.5 g/t Au for Berenai Mineral Resource. This resource is intended to be mined by an open pit.</li> </ul>
<b>Relationship between mineralisation widths and intercept lengths</b>	<ul style="list-style-type: none"> <li>The majority of drilling is oriented approximately orthogonal to the known orientation of mineralization. However, the intersection width is measured down the drillhole trace and may not be the true width.</li> <li>Drilling results are reported as intercept lengths due to the anastomosing nature of mineralized lodes.</li> <li>Mineral Resource model/estimation wireframes are considered to be true widths.</li> </ul>

QUARTERLY REPORT: JUNE 2018

Criteria	Explanation
Diagrams	<ul style="list-style-type: none"> <li>Horizontal plan and vertical section views are included in this report where relevant.</li> </ul>
Balanced reporting	<ul style="list-style-type: none"> <li>All mineralised intercepts used in this mineral resource estimate are presented in Appendix 5 of the report.</li> </ul>
Other substantive exploration data	<ul style="list-style-type: none"> <li>Not applicable to this report.</li> </ul>
Further work	<ul style="list-style-type: none"> <li>The Company is continuing to infill the resource with the intention to convert Mineral Resources to Ore Reserves in a phased manner.</li> </ul>