

# ASX Announcement

16 December 2015



## US\$5 million working capital obtained for Tembang Gold-Silver Operation

Sumatra Copper & Gold plc (“the Company”) is pleased to announce that it has obtained a US\$5 million working capital facility for its Tembang gold-silver mine in southern Sumatra, Indonesia (“Tembang”) in the form of convertible notes provided by its major shareholder Provident Minerals Pte Ltd (the “Noteholder”).

As reported in the ASX announcement of 23 November 2015, the gold and silver head grade at the processing plant has been progressively increasing as planned as additional higher grade ore is accessed from the Belinau underground mine and the open pits. However, the shortfall in supply of high grade ore during the fourth quarter of 2015 due to the combined effect of commissioning the processing plant 8 weeks ahead of schedule, the earlier than anticipated ramp-up of the processing plant to nameplate capacity, a delay in the permitting and delivery of explosives and a delay to the expected timing of VAT refunds has resulted in a need for additional working capital.

The Company has entered into an agreement with the Noteholder to issue 5 million convertible notes each with a face value of US\$1.00 (“Convertible Note Agreement”). Interest on the convertible notes is 10% per annum and is capitalised and forms part of the face value of each convertible note.

The convertible notes mature immediately after the maturity date of the US\$45 million senior secured debt facility (“the Facility”) entered into by the Company’s wholly owned subsidiary, PT Dwinad Nusa Sejahtera, with Nomura Singapore Limited and Indonesia Eximbank (ASX announcement 22 October 2014). The maturity date of the Facility is 10 November 2017 (unless extended in accordance with the terms of the Facility for a maximum of 1 additional year). The Convertible Note Agreement is subordinated to the Facility. The notes are unsecured. The convertible notes can only be transferred with the consent of the Company, which may be withheld if the transfer would put the company in breach of the Facility.

Conversion of the notes into CHES Depositary Interests (CDIs) is at the election of the Noteholder and is calculated at an exercise price of AU\$0.057 per CDI at the AU\$:US\$ exchange rate on the day preceding the date of the conversion notice (“Exchange Rate”). Capitalised interest is converted to AU\$ at the Exchange Rate and is payable in CDIs calculated at a deemed conversion price equal to the higher of AU\$0.057 and 90% of the volume weighted average price of the Company’s CDIs over the prior 10 trading days.

Based on an exchange rate of AU\$1:US\$0.73, conversion of the 5 million notes (with a face value of US\$5 million) including capitalised interest assuming conversion at maturity at an AU\$0.057 conversion price for both the face value and capitalised interest, would result in the issue of approximately 161.2 million CDIs equating to a 23% increase in the Company’s CDIs currently on issue.

### Directors

**Steve Robinson**  
Non-Executive Chairman

**David Fowler**  
Managing Director

**Adi Sjoekri**  
Executive Director

**Jocelyn Waller**  
Non-Executive Director

**Gavin Caudle**  
Non-Executive Director

### Contact

Level 1, 5 Ord Street  
West Perth 6005  
Western Australia

T: +61 8 6298 6200  
E: [info@scgplc.com](mailto:info@scgplc.com)

Registered Address  
39 Parkside, Cambridge  
United Kingdom CB1 1PN

Registered No. 5777015

ASX Code: SUM  
[www.sumatracoppergold.com](http://www.sumatracoppergold.com)

Under the Convertible Note Agreement, the Noteholder has subscribed for a first tranche of 2 million convertible notes, for a consideration of US\$2 million, to be issued under the Company's available placement capacity under ASX Listing Rule 7.1. A second tranche of up to 3 million convertible notes for a consideration of US\$3 million ("Second Tranche") will be issued subject to approval of the shareholders of the Company ("Shareholders") at a General Meeting of Shareholders, expected to be held in early January 2016. Drawdown under the Second Tranche is at the discretion of the Noteholder and can occur at any time after the approval of the Second Tranche and before 15 January 2016.

The Company has also entered into a working capital loan facility ("Working Capital Facility") with the Noteholder to provide up to US\$3 million which will be repaid on the earlier of the issue of the Second Tranche of convertible notes or on the maturity date of the convertible notes. Interest is payable on the Working Capital Facility at a rate of 10% per annum. Drawdown is at the discretion of the Noteholder and can occur at any time before 15 January 2016. In the event of drawdown of the Second Tranche, interest under the Working Capital Facility will be treated in the same manner as interest under the convertible notes.

The proceeds from the issue of the convertible notes and the Working Capital Facility will be used by the Company to provide additional working capital to fund operating costs, underground and open pit development capital and administration costs.

Managing Director David Fowler commented: "We are highly appreciative of this financial support from our major shareholder at this critical juncture. The faster than expected commissioning and ramp-up of the processing plant combined with explosives permitting delays and security issues impacted the mining team's ability to deliver higher grade ore from commissioning. This additional working capital provides the time necessary to ramp up high grade ore production in quarter 4 of 2015 and to achieve steady state gold and silver production during the first quarter of 2016."

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**For further information please contact:**

David Fowler  
Managing Director  
Sumatra Copper & Gold plc  
+61 8 6298 6200  
dfowler@scgplc.com

Phil Retter  
Investor Relations  
NWR Communications  
M: +61 407 440 882  
phil@nwrcommunications.com.au

**About Sumatra Copper & Gold**

Sumatra Copper & Gold plc is a gold and silver producer and precious metals explorer in southern Sumatra, Indonesia. The Company's flagship asset is its 100%-owned 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.