

Construction Set to Commence at Major New Mining Project in South Sumatra

Tembang Project to become Indonesia's newest gold mine

Key Points

- Australian mining company, Sumatra Copper & Gold, is set to commence construction at the Tembang Gold-Silver Project in Musi Rawas Regency of South Sumatra following receipt of a Final Forestry Permit.
- Project moved from exploration phase to being fully permitted within 15 months following strong support from Musi Rawas Regency and Jakarta government institutions.
- Construction to commence later this year, with first gold and silver expected to be produced in 2014.
- Tembang Mine expected to generate 370 local jobs in Musi Rawas.

JAKARTA, Indonesia – 26 April 2013 – The Musi Rawas Regency in South Sumatra is set to benefit from the development of a major new mining project this year, with international mining company Sumatra Copper & Gold plc announcing that it will shortly commence construction at the Tembang Gold-Silver Project following the receipt of its final regulatory approval.

The Company has received a “*Pinjam Paka*” from the Forestry Department this week, allowing construction of the project to proceed.

Managing Director of Sumatra Copper & Gold, Mr Julian Ford, said the rapid development of the Tembang Project – which has moved from exploration phase to being fully permitted within 15 months – was due to the outstanding support received from local and national government agencies.

“We are very much looking forward to getting construction underway at Tembang, and I would like to pay tribute to Pak Ridwan Mukti, the Musi Rawas Bupati, and to the Forestry Department in Musi Rawas and Palembang for their invaluable support in helping progress the project through the permitting process,” Mr Ford said.

“The Tembang Project will be a major new employer in the South Sumatra, expected to employ approximately 370 people from Musi Rawas and making a significant contribution to the region’s economic development.”

Sumatra Copper & Gold announced a development funding package for the project in late February 2013, with the equity component of the package underpinned by Sumatra Copper & Gold’s major shareholder and cornerstone investor, the respected Indonesian investment group Provident Capital Partners Pte Ltd (“Provident”) and the Saratoga Group.



Directors

Warwick Morris
Non-Executive Chairman

Julian Ford
Managing Director and CEO

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Based on currently-identified mineral resources at the Tembang Project, the mining operation has a projected 8-year mine life based on life-of-mine production of 395,000 ounces of gold and 4.8 million ounces of silver, generating revenue of US\$738 million. The area was previously mined between 1997 and 2000, producing 140,000 ounces of gold before being shut down by the previous owners when the gold price dropped below A\$270/oz.

Sumatra Copper & Gold was founded by Pak Adi Sjoekri in 2006 to take advantage of the changed mining legislative environment and political environment brought about by the establishment of Indonesia's Second Republic in 2000. Adi Sjoekri is an Indonesian National and has over 17 years' experience working for major companies such as CSR and Newmont throughout Indonesia. He was instrumental in recognising the opportunity to acquire the Tembang Project and other key tenements in Indonesia in 2006.

Mr Sjoekri remains an Executive Director of Sumatra Copper & Gold based in Jakarta, and said the reopening of the mine would generate significant long-term benefits for local communities.

"We intend to employ a large proportion of our workforce from communities surrounding Musi Rawas, with the mine also providing opportunities for local businesses and suppliers. We are committed to becoming a major employer in South Sumatra, and providing long term skills development and training to help boost the contribution we make to the Sumatran economy," Mr Sjoekri.

"The development of the Tembang Project through a two-stage approach gives us the opportunity to train up local employees and operators during the Stage 1 development, before expanding the operation under Stage 2. This allows us to maximise the employment of local people and will enable Sumatra Copper & Gold to establish its credentials and 'licence to operate' with the local community on a smaller scale before expanding.

"We have a 'bottom-up' approach to corporate and social development, and our intention is to tailor our community development programs to focus on the basic needs of each of the communities in which we operate – looking at areas such as health, education, the local economy and maintenance supports.

"Our over-arching strategy is to maximise the use of local content, reduce personal privileges, reduce dependency while increasing sustainability, and ensure effective coordination with Government programs. Our aim is to become a strong and supportive contributor to the communities around the Tembang site."

For further information please contact:

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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, Indonesia. The Company has a significant project portfolio covering an area of more than 3,200km² and encompassing a pipeline of projects ranging from greenfields exploration projects to brownfields, near-production opportunities.

Sumatra's flagship asset, the 100%-owned Tembang Gold-Silver Project, is on track for production during 2014. Tembang has Proven Reserves of 2.4Mt at 2.5 g/t Au and 38.7 g/t Ag for a total of 0.2Moz of gold and 3Moz of silver and Probable Reserves of 3.1Mt at 2.1 g/t Au and 25.6 g/t Ag for a total of 0.2Moz of gold and 2.5Moz of silver (total of 0.4Moz of gold and 5.5Moz of 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 (tpa) process capacity to produce 30,000oz per annum of gold and 200,000oz per annum of silver. Sumatra plans to fund the Stage 2 upgrade from cash flow, increasing throughput to 900,000tpa and production to 50,000oz of gold per annum and silver production to 500,000oz per annum. The ramp-up is expected to take place over a one year period. The current life-of-mine plan is for 7.5 years based on the current resource inventory.

Under a joint venture with Newcrest Mining Ltd, Sumatra is currently exploring the Tandai project (30% Sumatra; 70% Newcrest). Newcrest has already met its minimum expenditure position of US\$1.75 million and has an option to earn a 70% interest by spending US\$12 million over 5 years. Sumatra has identified significant gold mineralisation at Tandai, which has historic high-grade production of 1.4Moz ounces gold.

Sumatra also has the 100%-owned Sontang Project, which is an early-stage high-grade zinc, gold and silver exploration project.

Competent Person's Statement – Mineral Resources

The information relating to Mineral Resources in Table 9 is based on information compiled by Mr David Stock MAusIMM who is an independent Geological Consultant to the Company and is a Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves' and has consented to the inclusion in this report of the matters based on his information in the form and context in which they appear. In addition, the Mineral Resource estimates were reviewed by Mr Robert Spiers who is a member of AIG and a full time employee of Hellman & Schofield Pty Ltd. Mr Spiers has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'.

Competent Person's Statement – Ore Reserves

The information in this report that relates to Open Pit and Underground Ore Reserves is based on information compiled by Mr Shane McLeay of Entech Pty Ltd, who is a Fellow of the Australasian Institute of Mining and Metallurgy. Mr McLeay has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr McLeay consents to the inclusion in this report of the matters based on his information in the form and context in which it appears.