

Goldletter INTERNATIONAL

the international independent information and advice bulletin for gold and related investments

INVESTMENT ALERT - August 2012

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Sumatra Copper & Gold (A\$ 0.09)

ASX : SUM

H+L prices (12 months) : A\$ 0.22 – 0.06

Net shares issued shares : 190.6 million

Fully diluted shares : 213.4 million

Market Capitalization : A\$ 16.6 million

First price target: A\$ 0.30

INVESTMENT ALERT

Highlights activities report for the June quarter, 2012

► **Tembang Gold and Silver Project** development

- Stage 1 Definitive Feasibility Study (DFS) scheduled for release in August 2012.

Major milestones achieved are:

- Critical geotechnical and hydro technical testing at Asmar complete
- Belinau underground geotechnical studies and hydro technical studies complete
- Detailed metallurgical studies complete
- Communication modeling complete
- Stage 2 Definitive Feasibility Study (DFS) on track for completion in September quarter
- Re-optimized development plans indicate significantly reduced pre-development capital requirements
- 3 of 5 milestones for critical Forestry Permitting now complete. Application is progressing through the Forestry Department. Sumatra expects to receive an in-principle forest permit early in the fourth quarter followed by full Forestry Permitting towards the end of the year.
- Negotiations for lower cost gas supply in southern Sumatra progressing well

Sumatra expects geotechnical drilling at the Belinau open pit to be completed in the first week of August. The existing open pit geometry although conservative has been adopted in the study.

Detailed metallurgical studies have been finalized with drilling at Asmar completed. Metallurgical drill hole RDD 12196 returned 40.0 metres grading 3.0 g/t gold and 8.8 g/t silver from 5.0 metres, including 7.8 metres grading 13.08 g/t gold and 27.1 g/t silver.

Based on the Stage 1 work completed to date, the Stage 2 PFS flow sheet indicates a low capital cost upgrade to the communication circuit to achieve a targeted throughput of 900,000 tonnes per annum.

► **Tandai Project overview**

The Tandai Project is located within the northern part of the Bengkulu Utara IUP, 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. Sumatra'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-furnished by PT Lusang Mining (in joint venture with CSR, then Billiton) when the mine was redeveloped and worked between 1985 and 1995.

Under the arrangements agreed with Newcrest Mining in August 2010, Newcrest has the right to earn a 70% interest in the Tandai tenement by spending US\$ 12 million on the Project over 5 years.

► **Tandai exploration**

- Tandai drilling returned an encouraging 2.0 metres grading 3.58 g/t gold and 38.6 g/t silver from 54.0 metres from TDD 12041
- Recent rock chip sampling at the Ulukau prospect, which was advanced to drill status by early June, returned assays of up to 55 g/t gold
- Stream sediment sampling at Seblat returned assays up to 11.31 g/t gold

Finance

Completion of A\$ 5 million convertible loan finance facility with Macquarie Bank

Sumatra has received expressions of interest from at least 12 financial institutions for debt and funding of the Tembang Project.

Indications are that the re-optimized Tembang development plan has significantly reduced the pre-development capital.

The Company expects the modest funding required for Stage 1 will be well within Sumatra's capacity to secure – subject to project permitting being granted.

Outlook September quarter

Sumatra will target the following key milestones:

- Completion of Tembang Stage 1 DFS
- Completion of Tembang Stage 2 DFS
- Indicative terms or Heads of Agreement for debt funding of Tembang Stage 1
- Significant progress in the full permitting of Tembang
- Exploration progress from the highly prospective Tandai Project