



## Sumatra SPECULATIVE BUY

29 March 2010

Current Price: **\$0.25**

### Grade sweetener at Belinau

Ticker: **SUM**  
Sector: **Materials**

Shares on Issue (m): **127.5**  
Market Cap (\$m): **31.9**  
Cash (\$m): **5.2**  
Enterprise Value (\$m): **26.7**

52 wk High/Low: **\$0.36 \$0.18**  
12m Av Daily Vol (m): **N/A**

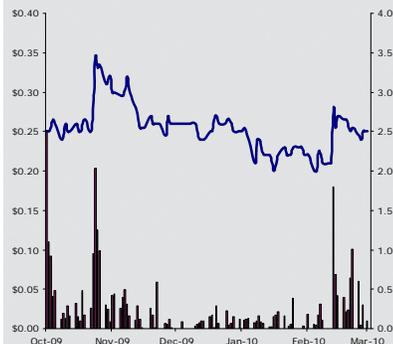
#### Substantial shareholders

Macquarie Bank	10.0%
Gold 2000	8.8%
Evolution	7.8%
Alan Flint	5.4%

#### Directors

Warwick Morris	Non-Executive Chairman
Jocelyn Waller	Managing Director
Alan Flint	Exploration Director
Lord Daresbury	Non-Executive Director
Dr Michael Price	Non-Executive Director

#### Share Price Graph



Ongoing diamond drilling at Sumatra Copper and Gold's (SUM) Tembang project has returned high grade gold intersections in the first two holes at the Belinau prospect:

- 1.6m @ 21.0g/t Au, 29.4g/t Ag from 173m
- 1.6m @ 17.9g/t Au, 17.0g/t Ag from 196m

Tembang is a large low-sulphidation epithermal deposit that produced 155koz by open pit mining from 1997 to 2000. JORC Resources are 53.7 Mt at 1.0g/t Au and 11g/t Ag for 1.64Moz of gold and 19.8Moz of silver. Approximately half the resource is higher grade vein mineralisation (1.9g/t Au), and half is lower grade halo mineralisation (0.7g/t Au). JORC Reserves are 10.3 Mt at 1.4g/t Au and 21g/t Ag for 467koz of gold and 7.2Moz of silver.

Although there are results for just two holes to date, the high grade hits at Belinau demonstrate the potential for a change in the future mining concept at Tembang. If further drilling defines sufficient high grade material, 1.6m intersections of 15-20g/t ore could potentially be extracted by conventional, hand-held narrow vein stoping techniques. The underground ore could be blended with lower grade open pit ore resulting in an increased head grade, increased precious metal output and lower US\$/oz cash costs.

Drilling continues at Tembang (including 50x50m at the Belinau high grade zone). And further soil sampling, mapping and sampling is underway at Sontang with first drilling targeted for the June Q.

SUM has an initial economic interest of 92.5% in seven issued IUP's, with one under application. Total attributable resources are 2Moz Au and 22Moz Ag placing the stock on an undemanding EV/resource oz of \$11/oz (Au eq).

Risks include the new Indonesian mining laws, and community and government relations. However these are counterbalanced by experienced management with a track record in challenging locations including Russia, West Africa and Indonesia.

## SPECULATIVE BUY

#### Important Disclosures

Argonaut acts as Corporate Advisor to SUM. Argonaut also acted as manager and broker to SUM IPO in October 2009. Argonaut receives fees commensurate with these services provided to SUM.

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