

8 JULY 2013

INDONESIA

GOLD

CONSTRUCTION

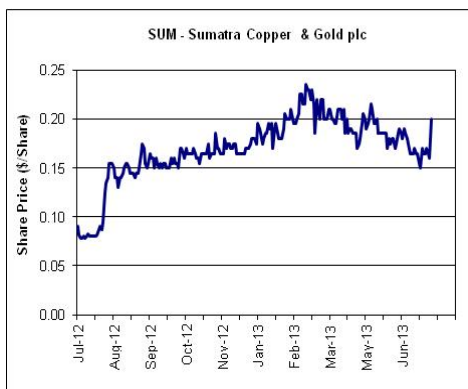
EXCHANGE: ASX:SUM

CAPITAL PROFILE

Share price (A\$)	0.200
52 week range (A\$/share)	0.06 to 0.25
Number of shares (m) ^a	414
Options and warrants (m)	54
Convertible notes (m)	0
Fully diluted (m)	468
Market capitalisation (undiluted) (A\$m)	82.9
Debt* (A\$m) - June 13F	0.0
Enterprise value (A\$m)	82.9
Major shareholders*: Provident Minerals (26.1%), PT Saratoga (15.6%), G Thohir (10.8%), Y Chee Siew (6%), HSBC Nominees (5.7%)	
Avg monthly volume (m)	5
Cash (A\$m) - Jun 13F	23.1
Price/Cash (x)	-
Price/Book (x)	-
Listed company options:	No

^a Includes June 2013 A\$20M shares at A\$0.17

* Credit Suisse US\$35M package announced 21/02/13



DIRECTORS

W Morris (Chairman)
J Ford (Exec)
A Sjoekri (Exec)
S Robinson (Non Exec)
J Waller (Non exec)

Julian Ford
Managing Director
Tel: 61 (02) 9300 3377
Perth, WA, Australia www.sumatracoppergold.com

Analyst: Murray Brooker
murraybrooker@rcresearch.com.au

SUMATRA COPPER & GOLD plc

Price: A\$0.20

Fully funded with A\$20M fully underwritten rights issue closed, US\$35M debt facility and Asian cornerstone investors in place. Tembang (100% SUM) construction underway; production expected ~1Q14 (~40kozpa Au, 280kozpa Ag). RCR pre-production, risk adjusted valuation \$0.28/share.

INVESTMENT POINTS

- ◆ RCR risk adjusted valuation is \$0.28/share with equity and debt financing in place, discounting a US\$1300/oz gold price. Target price rises to \$0.34/share with upside to post-commissioning production and exploration success.
- ◆ Strategic Indonesian shareholder, project approvals and financing in place.
- ◆ US\$35M debt with Credit Suisse, in place 21 February, 2013. A\$20M equity raising closed 5 June, fully underwritten by Patersons Securities.
- ◆ SUM has weathered the decline in gold price and investor sentiment towards Indonesia, with share price out performance, relative to other gold developers.
- ◆ Robust 2012 PFS/DFS economics. Low C1 costs (<US\$500/oz). Optimisation for current lower gold price environment due early August 2013.
- ◆ Expected initial Au/Ag production at flagship Tembang project ~1Q14 (40kozpa Au, 280kozpa Ag). Reserves 403koz Au and 5.5moz Ag.
- ◆ Tembang stage 1 DFS and Stage 2 PFS completed 3Q12. Two stage mine development. Stage 1 (years 1-5): C1 cash costs ~US\$487/oz, capex US\$68m; with cash flow funding larger capacity Stage 2 (years 6 to 8). C1 target US\$431/oz over LOM stages 1 and 2 (total 8 years).
- ◆ EV of ~US\$56/resource oz Au and US\$135/reserve oz Au SUM inventory metrics are 2nd quartile, below average for smaller and medium producers.
- ◆ Final life of mine Tembang Pinjam Pakai Forestry Permit received, providing project development certainty. Permits are normally only granted for 5 years.
- ◆ MOU for LNG supply signed. EPCM and other contractors selected for plant and construction. Contract agreement 1Q13. Critical path long lead time item – the SAG mill - ordered.
- ◆ Experienced project team with Indonesian experience on board for the transition to mining.
- ◆ Previous Tembang mining left many unexploited veins with exploration upside - intersections 15.2m @ 5g/t Au in Berenai deeps, 4m @ 15.2g/t Au in Asmar deeps and 2m @ 82g/t Au in Belinau deeps are not in the reserves.
- ◆ New Asa prospect in Tandai JV with Newcrest. Follow up of results in June.

COMPANY STATISTICS

Cash amounts in British Pounds

Year End December	Mar-13a	Jun-13F	2012a	2013F	2014F
Exploration and evaluation - gross (GBPm)	0.96	0.39	3.34	2.36	2.00
Corporate (GBPm)	0.50	0.35	2.59	1.55	1.40
Exploration/(Expl.+ Corporate) (%)	66	53	56	60	59
Funding duration at current burn (years)			0.9	1.9	1.1
Shares on issue (pr end) (m shares)	296.6	414.5	258.6	414.5	414.5
Drilling - RAB (m)	0	0	0	0	0
Drilling - Other/Diamond (m)	820	1,000	5,111	2,820	2,000
Land holding ('000 ha)	130	130	130	130	130
Tenement costs (\$k per year)	-	-	-	-	-
Capital raisings (GBPm)	5.65	13.15	6.10	18.81	0.00
Funding from JV partners (GBPm)	1	1	4	4	0
Cash (GBPm)	4.9	14.1	5.1	7.3	3.8
Cash backing (p/share)	1.6	3.4	2.0	1.8	0.9
Net asset backing (p/share)	8.9	9.4	7.2	-0.4	6.5

Quarters refer to calendar year.

KEY PROJECTS

Project	Ownership/ Option	Metal	JV Partner	Target Type	Process Route	Project Status	Location
Tembang	100%	Au	none	Epithermal	CIL	Construction	Indonesia
Tandai	100/30*	Au	Newcrest	Epithermal	N/A	Exp	Indonesia
Sontang**	100%	Au	none	Replacement	N/A	Adv. Exp	Indonesia

Local investors hold a nominal percentage in all projects, as required by Indonesian law *Newcrest earning 70% **Replacement style in sands tone

COMPANY COMMENT

Overview: Sumatra Copper & Gold plc is a Perth based company listed on the ASX Oct '09 to explore for gold and copper in Sumatra, Indonesia. SUM holds ~ 1,370 km² of tenements in 3 mining permits, principally brownfields sites along the Sumatra Fault Zone (host to Way Linggo [Kingrose], Martabe [G Resources] and Sihayo Gold [Sihayo]). RCR visited site late 2Q12.

Tembang (Sumatra): The flagship project is ~120km NNE of Bengkulu in South Sumatra. The **Berenai, Belinau and Bujang** pits at this brownfields site produced from 1997-2000. Plant footings, roads and tailings dam infrastructure will be re-used. Epithermal veins are 1 to 20m wide.

JORC resource ~1moz Au and ~13moz Ag, beneath and along strike from previously mined pits. Reserve - 0.4moz Au, 5.5moz Ag for a 5 year Stage 1, producing 146koz gold and 1.4moz silver from Belinau and Asmar pits, and Belinau underground. High grade Belinau u/g resource (8g/t Au, 70g/t Ag) and low strip Asmar pit (1:3) keep cash costs low. Cash flow from Stage 1 expected to fund plant expansion for nominal 3 year Stage 2 (staged production).

Well defined reserve (150,000m drilling) but some veins have little drilling. Deeper intersections (not in reserve) include 15.2m @ 5g/t Au in Berenai deeps, 4m @ 15.2g/t Au in Asmar deeps and 2m @ 82g/t Au in Belinau deeps. The southern high grade shoot at Berenai (with values of >25 gram-metres) remains open at depth. The Stage 1 DFS (SUM and consultants) was released 10 Sept 2012. SUM has conducted soil wacker sampling over CSAMT geophysical targets defined at North Belinau. These are targets for further exploration at Tembang.

SUM PFS/DFS reduced pre-production capex to \$38.6 m and total capex to \$68 m in Stage 1 and \$37.5 m for Stage 2 plant upgrade. Mining licence and environmental approval received. Final life of mine Pinjam Pakai Forestry Permit granted, clearing the way for construction. Key contractors have been selected for construction.

Stage 1 mine (5 year life) 400 ktpa for ~40kozpa Au, 280kozpa Ag. C1 cash costs ~US\$487/oz after silver credits, C3 <US\$800/oz. Gold recoveries are 90% and silver 80%. Stage 2 – 900ktpa through put. MOU signed for future gas supply reducing opex. LOM (Stage 1 and 2) C1 ~US\$431/oz after Ag credits, C3 costs ~US\$766/oz Au. Open pit reserve cut off 0.5 g/t, u/g cut off 2.78g/t, using US\$1,500/oz gold price and US\$30/oz silver price.

Tandai (Sumatra – Newcrest JV): Former Dutch mine site that produced 1.4moz at 15.4g/t Au. Newcrest is spending US\$12m over 5 years for 70%. Previous SUM drilling discovered a small shoot including 21m @ 4.74g/t Au (in TDD11024). A 3,110.9m drill program on the Ulukau prospect targeted silicified zones and finished in November, with disappointing results and a best intersection of 1.6m @ 1.14 g/t Au. Veining may represent the upper level of an epithermal system but results suggest it is weakly mineralised. The tenement area has been

reduced to cover priority areas only.

A new target in the tenements defined the S9/Asa prospect, where 11 samples returned values between 0.88g/t and 10.5g/t Au.

SUM is managing the Tandai exploration program over the first 18 months. Newcrest disposed of their shareholding to SUM's largest shareholder, Provident Capital, in early 2013 - suggesting Newcrest is unlikely to continue with the joint venture beyond the current period. SUM can buy back Newcrest's 70% for a nominal consideration if Newcrest does not spend US\$12m.

Continued exploration is expected in 2013 at Tandai with definition of near-mine targets at Tembang in advanced exploration targets like Kenapa.

Corporate: Provident Capital Partners (Indonesian group) held 24% of SUM pre- the A\$20M rights issue that closed 5 June. Patersons Securities underwrote the issue, with Provident as sub-underwriter. In addition to the US\$35M debt package major shareholders Provident, Saratoga and a prominent Indonesian Investor provide a solid shareholder base for project development and a potential source of future funding, if required.

Valuation:

RCR's pre-production, risk adjusted valuation is \$0.28/share reflecting the successful US\$35M debt agreement + A\$20M equity rights issue; long term gold price of US\$1300/oz; AUD:USD 0.90, 5% discount rate; and assumes Stage 2 development with gas (see valuation table). Target price rises to \$0.34/share with upside to post-commissioning production and exploration success.

Post-debt and equity financing the EV/resource ratio of ~US\$56/oz Au shows a significant discount to the sector average of around US\$100/oz Au, with reserves at US\$135/oz Au.

Investment Comment:

SUM has optimised costs for Tembang production in 2014 via a low capex owner operator model, using leased equipment, with further optimisation planned.

Financing and the Stage 2 PFS results confirm our near-term risk adjusted valuation of \$0.28/share (see adjacent table). Relative stability in the share price (~A\$80m Mcap) reflects successful financing and the support of strategic Indonesian investor Provident Capital and a prominent Indonesian investor. Further, the fall in the AUD:USD exchange rate to ~0.92 has had a positive impact on the share price.

Following project financing, tight project management is required to keep the project on budget and ensure production in the planned time frame. Share price catalysts include potential incremental optimisation of capital costs, a favourable gas supply deal and longer term exploration success at Tembang, or at Tandai.

TEMBANG AND SUMATRA PROJECT LOCATIONS



RESERVES AND RESOURCES/MINERALISED MATERIAL

Code for reporting mineral resources - Australian:		(JORC)						
Gold	Classification	Project	Ore	Au	Cutoff	Au	Ag	Eqty Au
Au		Equity	Mt	g/t	g/t	Koz	Koz	Koz
Reserves (JORC)						0	0	0
Tembang	Proven	100%	2.4	2.5	^	190	2,991	190
	Probable	100%	<u>3.1</u>	<u>2.1</u>	^	<u>213</u>	<u>2,547</u>	<u>213</u>
	Total	100%	5.5	2.3	^	403	5,539	403
^ Economic cut-off for open pit reserves is 0.5 g/t Au, for underground reserves is 2.78 g/t Au at US \$1,500 Au and \$30 Ag								
Resources (JORC)								
Tembang	Measured	100%	2.7	2.5	*	224	3,517	224
	Indicated	100%	16.0	1.0	*	522	6,741	522
	Inferred	100%	<u>3.8</u>	<u>1.9</u>	*	<u>229</u>	<u>2,536</u>	<u>229</u>
	Total	100%	22.6	1.4		976	12,794	976

*(Measured, Indicated, inferred) u/g 2.78 g/t cutoff, o/c 0.5 g/t cutoff except sheeted veins (0.3 g/t) - the latter excluded from reserves

TEMBANG KEY RESULTS SUMMARY – STAGE 1 DFS/STAGE 2 PFS

APPENDIX: Tembang Project – Financial Overview

A robust, low-cost project to be developed in two stages

Source SUM
Presentation Jan 2012
ASX

	Units	Stage 1 DFS	Stage 2 (incremental impacts)	Total Tembang Project after Stage 2
Gold production	Oz	146,000	249,000	395,000
Silver production	Oz	1,388,000	3,446,000	4,834,000
Processing Rate	tpa	400,000	500,000	900,000
Mine Life		5 years	3 years	8 years
Pre-production capital	US\$ M	\$38.50	\$1.50	\$40.0
Total Capital	US\$ M	\$68.0	\$37.5	\$105.5
Revenue	US\$ M	\$261	\$477	\$738
Net cashflow ⁽¹⁾	US\$ M	\$71	\$151	\$222
Cash operating cost C1 ⁽¹⁾	US\$/ Oz	\$487	(\$56)	\$431

Note 1) C1 Costs are as defined by Brook Hunt and are cash costs before tax and royalties and after silver credits using a silver price of US\$30 per ounce and a recovery of 80%
Note 2) Refer to appendices for full Statement of Reserves and Resources

TEMBANG PRODUCTION PROFILE

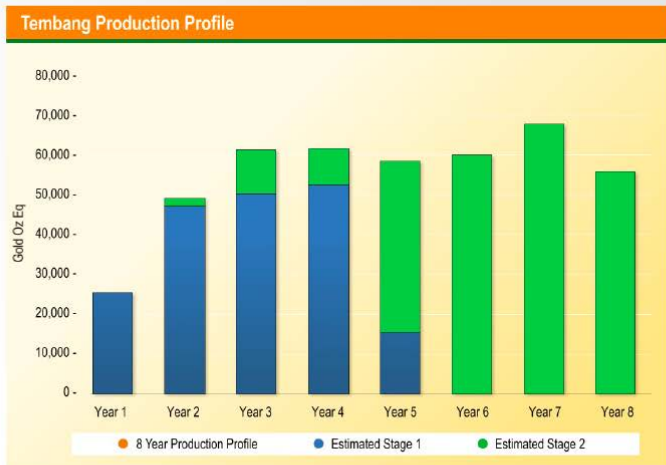
Tembang Project – Overview

Growing production profile over 8-year mine life



Source SUM January ASX Presentation Announcement

- 8-year reserve Life-of-Mine (LOM)
- Production = **395,000oz gold + 4.8Moz silver**
- LOM revenue US\$738M, net cash flow US \$222M
- Pre-production CAPEX = US\$40M, total LOM sustaining capital US\$65.5M
- LOM C1 cash costs US\$431/oz
- Low-cost, 2-stage approach to development
 - Stage 1 (30kozpa Au + 200kozpa Ag)
 - Stage 2 (50kozpa Au + 500kozpa Ag)
- Significant exploration upside



Note a) C1 Costs are as defined by Brook Hunt and are cash costs before tax and royalties and after silver credits using a silver price of US\$30 per ounce and a recovery of 80%.
Note b) Refer to appendices for full Statement of Reserves and Resources
Note c) Economics based in US\$1,500 gold price and US\$30 silver price
Note d) Gold equivalent based on above metal prices and 80% silver recovery

10

SUMATRA COPPER AND GOLD LIMITED VALUATION

	Equity (%)	Reserve Val'n (US\$/oz AuEq)	NAV* (A\$m)	NAV Factor (%)	Adjusted Value (A\$m)	Adjusted Gold Price Sensitivity* (A\$m)				
Assumptions										
LT Realised Gold Price	: US\$/oz		1300		1300	1000	1200	1400	1800	
LT Exchange Rate: AUUS			0.90		0.90	0.90	0.90	0.90	0.90	
Projects										
		Reserve 146koz Au, 1.4 moz Ag, 174koz AuEq								
Tembang project - Stage 1	: NPV @ 5%	100%	591	121	0.85	103	80	103	126	172
Resources and Exploration										
		Reserve 249koz Au, 3.5 moz Ag, 318koz AuEq								
Tembang - Stage 2	: NPV @ 5%	100%	99	42	0.75	32	-10	20	50	110
Tandal plus other exploration				10		10	5	7	10	14
Sub-total Tembang Stage 2 & Exploration				52		42	-5	27	60	124
Assets										
+ Cash post Provident and public raisings			23.1		23.1	23.1	23.1	23.1	23.1	23.1
+ Tax losses			3		3	3	3	3	3	3
Liabilities										
- Debt -US\$35M from Credit Suisse,			37		37	37	37	37	37	37
- Corporate			4		4	4	4	4	4	4
SUM Net Assets										
			158		129	60	115	170	281	
Fully Diluted Shares (m)			468.1		468.1	468.1	468.1	468.1	468.1	468.1
Cash on Option Conversion			13.3		13.3	13.3	13.3	13.3	13.3	13.3
SUM Net Asset Value per share : A\$/share			0.38		0.31	0.14	0.28	0.41	0.68	
SUM Net Asset Value Diluted : A\$/share dil			0.34		0.28	0.13	0.24	0.36	0.60	

*NPV Gold price sensitivities indicated and assumed from 2Q13

TEMBANG GOLD PROJECT KEY ASSUMPTIONS (derived from Stage 1 DFS/Stage 2PFS (SUM) - Sept 2012)

RESERVE ESTIMATES

	Gold Reserve	Tonnes	Grade	Gold eq (50 Ag = 1 Au)	
		Mt	g/t AuEq	Cutoff Au g/t	AuEq oz
Stage 1	Reserve*	2.44	2.9	0.5 op/2.78 u/g	173,760
Stage 2	Reserve*	3.10	2.9	0.5	317,920
Stage 2 Inferred resource in LOM plan (but not in reserves)*		0.66	2.8		59,781
*Sept 2012 PFS & DFS	Total Stage 1 & 2	6.1	2.9		551,461

MINING METHOD

OPEN PITS and UNDERGROUND

PROCESS METHOD

CENTRALISED GOLD PLANT - CL. Optimised from the previous site plant, with enhanced Ag recoveries

RESOURCE CONVERSION Stage 1 & 2 :% 73

(Indicated and measured to reserves)

TONNAGE DILUTION :% 10

Reserves include 10% dilution with barren wall rock and 95% ore recovery

GRADE UPLIFT :% 7

PSV sheeted veins are a low grade envelope around some veins - limiting dilution
These are not included in reserves and act as "upside" recovery

BASE CASE ASSUMPTIONS

PRODUCTION RATE	:mtpa	0.4	Production from two pits. Additional pits /plant expansion to 0.9 mtpa in Stage 2
AVERAGE HEAD GRADE	:gpt	na	~2.3 g/t Au and 30 g/t Ag in Stages 1 and 2
RECOVERY - GOLD	:%	90	DFS: 90% plant recovery
RECOVERY - SILVER	:%	80	DFS: 80% plant recovery Enhanced recovery with oxygen plant
GOLD PLANT CAPACITY	mtpa	0.4	Production rate based on DFS Sept 2012. Stage 2 est 0.9 mtpa total
GOLD PRODUCTION	koz	40-45 AuEq	Annual Au equivalent (1:50 ratio value with Ag) annual production, year 1 ramp up
PRE-PRODUCTION CAPITAL	:US\$m	38.50	Pre-production stage 1 capital cost
TOTAL STAGE 1 CAPITAL COSTS	:US\$m	68	Stage 1 capital including central processing plant
TOTAL STAGE 2 CAPITAL COSTS	:US\$m	37.5	Processing plant, mining fleet, TSF
TOTAL PROJECT CAPITAL COST	:US\$m	105.5	Stage 1 and 2 capital costs
OPERATING COSTS: C1	:US\$/oz	431	Direct site operating costs with silver credit at US\$30/oz..
Total production costs C3	:US\$/oz	766	After silver credit, royalty, depreciation, amortization, but before tax
TAX	:%	30	
ROYALTY	:%	3.75% Au, 3.25% Ag	
MINE LIFE	:Years	8 Years	Stage 1 - 5 years, phased Stage 2 start (from 2015 to 2017)
COMMISSION PROJECT	:	4Q13	Stage 1 assumes 12 month ramp-up. Stage 2 extends for 3 years beyond Stage 1

Stage 1 DFS & Stage 2 PFS: Definitive Feasibility Study prepared by SUM staff and consultants. Hellman and Schofield reviewed the resource estimate
The reserves makes up 90% of the contained LOM gold

These figures are preliminary in nature and are intended to provide only a general indication of project scale and economic robustness. Considerable refinement may result from subsequent Stage 2 feasibility studies.

CONTACT

Resource Capital Research
ACN 111 622 489

Level 33, Australia Square
264 George Street
Sydney NSW 2000

T +612 9439 1919
E info@rcresearch.com.au

www.rcresearch.com.au

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