SUMATRA COPPER & GOLD PLC

REGISTERED NUMBER 5777015
ABN 14 136 694 267

HALF-YEAR FINANCIAL REPORT FOR THE HALF-YEAR ENDED 30 JUNE 2014

SUMATRA COPPER & GOLD plc ABN 14 136 694 267

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Registered in England and Wales Registered Number 5777015 Registered address: 39 Parkside, Cambridge CB1 1PN United Kingdom

SUMATRA COPPER & GOLD PLC

CORPORATE DIRECTORY

DIRECTORS

Stephen Daniel Robinson (Non-Executive Chairman)

Julian Peter Ford (Managing Director)

Adi Adriansyah Sjoekri (Executive Director)

Jocelyn Severyn de Warrenne Waller (Non-Executive Director)

Gavin Arnold Caudle (Non-Executive Director)

COMPANY SECRETARY
Alison Barr (United Kingdom)
Susan Hunter (Australia)

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The Directors of the Company have pleasure in submitting their report together with the condensed interim consolidated financial statements of the Group, being Sumatra Copper & Gold plc ('Sumatra' or the 'Company') and its controlled entities, for the half-year ended 30 June 2014 and the review report thereon.

Directors

The names of the Directors of the Company in office during or since the end of the half-year are:

Mr Stephen Daniel Robinson B.Sc.
Independent and Non-Executive Chairman

Mr Robinson is an experienced Australian mining executive and a Rhodes Scholar. He is a Director of independent corporate advisory firm Lincoln Capital Pty Ltd and has extensive international experience at senior executive levels within the mining industry.

He was previously a Director of Barrick (Australia Pacific) Limited and Bulletin Resources Ltd, Group Manager Planning with the leading Australian mineral sands producer Iluka Resources Ltd and a senior manager in the gold business unit at WMC Resources Ltd until the divestment of the gold business in 2001.

Mr Robinson is currently a Non-executive Director of ASX-listed company Orrex Resources Ltd.

Mr Julian Peter Ford BSc (Eng), BCom, Grad Dip (Bus. Mgt)
Managing Director

Julian Ford is an experienced mining professional with a career spanning more than 25 years within the global resources industry. He has held senior positions within several major resource companies including Alcoa, British Gas London and Western Metals Limited and co-founded copper and gold focused exploration and development company Zambezi Resources Ltd in 2004.

Mr Ford holds a degree in Chemical Engineering from the University of Natal, a Bachelor of Commerce from the University of South Africa and a Graduate Diploma in Business Management from the University of Western Australia.

Mr Adi Adriansyah Sjoekri BSc, MSc, MBA (Management)
Executive Director

Adi Sjoekri is an Indonesian national who graduated with a degree and a Master of Science in Geology from the Colorado School of Mines in the U.S.A. He completed his further education with an MBA in management at Monash University in Jakarta.

Mr Sjoekri has more than 17 years' experience working for major companies such as CSR and Newmont throughout Indonesia and more recently as a successful consultant to the mining industry. He was instrumental in recognising the opportunity to acquire mineral tenements in Indonesia in 2006.

Mr Jocelyn Severyn de Warrenne Waller MA (Hons) (Cantab)
Non-Executive Director

Jocelyn Waller is a British national who is a founding shareholder and Director of the Company. Mr Waller graduated from Churchill College, Cambridge with a Master of Arts in History in 1965 and has since spent his entire career in the mining industry. For 22 years he worked for the Anglo American Group and was involved variously with tin mining (Malaysia and Thailand), copper/cobalt (Zaire), potash (UK), tungsten (Portugal), exploration and metal sales (London).

In 1989 he set up Avocet Mining plc ('Avocet') and as CEO developed the Penjom gold mine in Malaysia and listed Avocet on the London Stock Exchange. In 2000 he set up Trans-Siberian Gold plc ('TSG') to develop gold projects in Eastern Russia listing TSG on the AIM market of the LSE in 2003.

Mr Gavin Arnold Caudle B.Com Finance and Law, Chartered Accountant
Non-Executive Director

Mr. Caudle is Perth born and educated and has over 20 years' experience in the finance and investment sectors in Australia, Singapore and Indonesia. He joins the Board as the representative of Sumatra's major shareholder and cornerstone investor, Provident Capital Partners Pte Ltd.

Since 2003, together with his partners, Mr. Caudle has developed numerous successful businesses in Indonesia including Tower Bersama Group (a telecommunications infrastructure business) and Provident Agro (a plantation business) with assets currently valued in excess of $4 billion. Mr. Caudle was previously a partner in Arthur Andersen Jakarta Office and Country Head of the Investment Bank Salomon Smith Barney for Indonesia.

Mr. Caudle is currently a Director of Provident Capital Partners Pte Ltd and a Non-Executive Director of two other ASX-listed resource companies, Finders Resources Limited and Sihayo Gold Limited.

OPERATING AND FINANCIAL REVIEW

Sumatra Copper & Gold Plc (ASX: SUM) "The Company", "The Group" or "Sumatra" 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, which encompasses a pipeline of projects ranging from greenfields exploration projects to brownfields, near-production opportunities.

Highlights

The activities of the Group during and since the half year ended 30 June 2014 include the following highlights:

Corporate Developments

- During the half-year the Company continued to advance negotiations for a complete funding package to underpin the recommencement of construction at the Tembang Gold-Silver Project, located in southern Sumatra, Indonesia (the "Project").
- During the period, the Company has fully drawn-down on the US$4 million Convertible Loan Facility from its major shareholders (Provident Minerals and Saratoga). The Group remains confident of achieving full funding for the Project and has continued to receive financial support from its major shareholders with the drawdown of an additional US$2.1 million under a variation of the current Agreement, US$0.6 being drawn-down during the first half of the year and US$1.5 million being drawn-down subsequent to 30 June 2014.
- Newcrest elected to withdraw from the Tandai Project reaching a settlement under which Sumatra will increase its interest in the project to 100%.

Tembang Gold-silver Project Development, DFS Project Study

- Resource estimate prepared in accordance with JORC Code 2012 edition comprising 6,497,000 tonnes at 2.1 g/t gold of measured, indicated and inferred resources.
- 5-year mine plan comprising Proven and Probable Ore Reserves.
- Total production of 2.1 Mt ore at 2.8 g/t gold and 33 g/t silver for a total of 169,000 oz. of recovered gold and 1.8 Moz of recovered silver, at a mill process rate of 400,000 tonnes per annum (tpa):
  Open pit: 1.7 Mt at 2.0 g/t gold and 30 g/t silver
  Underground: 0.4 Mt at 6.1 g/t gold and 48 g/t silver
- Average annual production of 33,000 oz. gold and 345,000 oz. silver
- Forecast C_1 cash operating cost of US$470/oz. (net of silver credits of US$212/oz.)
- Forecast All-In-Sustaining-Cost (AISC) of US$745/oz. (net of silver credits of US$212/oz.)
- Completion of an Independent Technical Expert Report

Exploration and Development Drilling

- 6,985m Phase 3 Mineral Resource drilling program successfully completed at Tembang underpinning updated Mineral Resource estimates which is compliant with the JORC 2012 Code. This estimation was completed for the key Berenai, Asmar, Tembang/Anang and Bujang deposits.
- Historical RC drilling on these key deposits within the existing Ore Reserve has now been replaced by diamond drilling to ensure more robust geological models and resources. RC drilling data highlights significant potential to expand these resources in multiple areas, both in the open pits but primarily in the underground extensions at the Berenai, Buluh, Tembang and Bujang deposits.

Overview

During the half-year, the Company made significant progress on its funding plans for the Project. An Independent Technical Expert report was completed in May 2014. On 11 September 2014 the Company mandated Nomura Singapore Limited to arrange a funding package for a subsidiary of the Company to develop the Tembang Gold Project. The Group expects project funding to be completed and construction to recommence during October 2014.

During the first half of the year the Company performed extensive resource development drilling programs required to update its Mineral Resource and Ore Reserve inventory for the flagship Tembang Gold-Silver Project located in Sumatra, Indonesia. These activities were key to re-optimising the Tembang Life-of-Mine Plan ("LOM") and completing a new Definitive Feasibility Study ("DFS").

The updated Mineral Resource and Ore Reserve estimates were prepared in accordance with the JORC Code (2012 Edition). Historical Reverse Circulation (RC) drilling on key Tembang deposits was replaced by diamond drilling to ensure more robust geological models and resource estimation.

The Company completed and published the revised Definitive Feasibility Study (DFS) on 23 April 2014. The DFS is based on a five-year plan, mining Ore Reserves at a nameplate plant throughput rate of 400,000 tpa to produce a total of 169,000 ounces of gold and 1.8M ounces of silver.

The Company is also pleased to inform that the general election for members of Indonesia's parliament was completed on 9 April 2014. Subsequent to the end of the half-year, the Presidential elections were held on the 9 July 2014 and the results were released on 22 July 2014. The Company considers that the relatively smooth conclusion of the election process for both parliament and the President reflects the maturity of the new Indonesian democracy.

Operating Review

The focus of activities within the Company has been to complete resource definition and to update Definite Feasibility Study for the Tembang project.

DFS Study

The DFS is based on a five-year plan, mining Ore Reserves at a nameplate plant throughput rate of 400,000 tpa to produce a total of approximately 169,000 ounces of gold and 1.8 million ounces of silver.

Over the past 9 months, the Company has undertaken a revision of the development plan and underlying business case for the Tembang Project in response to the volatility in the gold market experienced since April 2013.

Extensive in-fill drilling programs have been completed at key deposits at the Project culminating in the publication of updated Ore Reserves, compliant with the JORC Code (2012 Edition), on 25 March 2014. Construction activities at Tembang were suspended in December 2013 pending finalisation of the updated Ore Reserves, DFS completion and financing.

The DFS, using a gold price of US$1,300/oz. and silver price of US$20/oz., demonstrates the viability of a robust, low-cost operation at a competitive forecast C_1 cash operating cost of US$470/oz. (net of silver credits US$212/oz.) and All-In-Sustaining-Cost (AISC) of US$745/oz. (net of silver credits of US$212/oz.).

Development Strategy

The development strategy for Tembang is to focus on the underground mining of high-grade veins from Belinau as the core production source for the Project. The Belinau underground, narrow vein mine is anticipated to ramp-up to a maximum annual capacity of 200,000tpa in Year 3. During the 5- year production period, open pit ore will fill the mill capacity in excess of the ore supplied by the Belinau underground mine.

It is intended to use cash flow from operations to drill additional underground targets to extend the life-of-mine and increase production levels to a target of 50,000 gold equivalent ounces per annum.

Given the extensive RC drill database, currently excluded from the estimation of the Company's Mineral Resource estimates, that demonstrates the continuity along strike and at depth of existing ore bodies, the Company remains confident of success for these proposed exploration campaigns.

With the exception of the Tembang-Anang deposit, prior operators have previously mined all the open pits at Tembang. The cash cost of production from these pits is therefore relatively high as they involve relatively large cutbacks and resulting high strip ratios. The peripheral stock work veins that occur adjacent to the main veins and within planned pits (and have been excluded from resources) could be a factor in improving the economics of mining; however this factor will only be fully ascertained once mining and production have commenced

The proposed underground mine at Belinau is forecast to have a much lower relative cash cost than the proposed open pits, with an estimated C_1 cost of US$277 per ounce and mine C_3 costs of US$572 per ounce excluding processing costs. However, given the narrow and near-vertical dipping nature of the epithermal veins at Belinau, the drill-out of the underground mines to a reserve status suitable for bank project finance has been relatively expensive.

<u>Status of Project</u>

The Tembang Project construction commenced in June 2013 and was suspended in December 2013. Significant infrastructure, including camp, administration buildings, leach tanks, concrete foundations, warehouse, security fencing and command posts have been completed. The major equipment items have been purchased with the majority complete and are awaiting shipment at the source vendor premises. To date, only the apron feeder has been delivered and has been installed.

<u>Resource Growth and Exploration</u>

The Company is confident in the potential to expand the resource base across the Tembang project area. Mineral Resource estimates are based on 80,000m of diamond drilling data, of which 61% has been completed by Sumatra with the remainder completed historically by the previous owner-operators, BTM. There is approximately 93km of historical RC drilling data that has been excluded from the Mineral Resource estimates. However, this data outlines numerous prospects and deposits that present immediate, high quality targets.

Diamond drilling to date, has primarily been focused on Mineral Resource definition and in infill drilling across the Tembang project area. Suitable mining parameters and US$1,100 pit optimizations have been used to focus drilling around the deposits defined to date.

The Company has developed a robust geological model and exploration framework that will facilitate targeted drilling to rapidly and efficiently grow the Tembang Resource base once cash flow from operations becomes available.

The Company has also generated a number of advanced near-mine and district exploration targets. This is a result of the integration of the past three years of geophysics, geological and geochemical data with expert consultants' input.

The near mine and district exploration targets together with lower risk, high grade targets at depth below the current planned open pits gives the Company confidence in increasing the Mineral Resource and ultimately Ore Reserve base in the near term. The ability to grow the low production cost Ore Reserve base will be a key strategic driver for the Company given the proposed relatively high gearing ratio that would result on completion of the proposed funding package.

Corporate Activities

<u>Convertible Loan Variations</u>

The Company's major shareholders have continued their support and provided an additional US$2.1 million of funding to the Company in the six months to 30 June 2014. This funding has been provided under variations to the Convertible Loan Facility Agreement dated 4 December 2013.

Subsequent to the half-year ended 30 June 2014, the Company executed a variation to the Convertible Loan Facility Agreement with Provident to drawdown an additional US$1.5 million for working capital purposes.

<u>Tembang Financing</u>

During the half-year, the Company made significant progress on its funding plans for the Project. Following the completion of an Independent Technical Expert report in May 2014, the Company mandated Nomura Singapore Limited on 11 September 2014 to arrange a funding package for a subsidiary of the Company to develop the Tembang Gold Project. The Group expects Project funding to be completed and construction to recommence during October 2014.

Principal Risks and Uncertainties facing the Company

Risk assessment and management are fundamental components of the business – in planning for the Company's future and executing the strategy. The Group identifies, evaluates and manages significant threats and opportunities against business objectives. The Group's risk and tolerance levels are identified by the Board of Directors and are constantly monitored against group strategic goals, targets and performance.

The key areas of risk, uncertainty and material issues facing the Group in executing its strategy and delivering on its targets are described below.

Funding

As noted above, the Company will be required to raise additional finances to fund its future activities. Failure to raise additional finance would have a material adverse effect on the Company. In order to alleviate this, during the half-year, the Company made significant progress on its funding plans for the Project. Following the completion of an Independent Technical Expert report in May 2014 the Company signed a mandate letter with Nomura Singapore Limited on 11 September 2014 to arrange a funding package for a subsidiary of the Company to develop the Project. The Group expects the anticipated funding to be completed and construction at the Project to recommence during October 2014.

Commercial Viability – Early Stage Exploration Projects

With the exception of the Tembang Project, which has Ore Reserves and Mineral Resources, the mineral projects in which the Company has an interest are early stage exploration and are without fully proven commercial ore reserves. No assurances can be given that these other projects will achieve commercial viability.

Environment

The Company's mineral project interests are located in Indonesia, a developing nation with a large number of ethnic and indigenous groups, whose fiscal and monetary controls, laws, policies and regulatory processes in many areas are less established than in developed nations, and where there is a wide range of policies, ideologies and attitudes between the numerous different political parties and candidates. The risks attached to exploration in a developing country, which are not necessarily present in a developed country, can impact on a range of factors such as sovereign risk, safety, security costs, ability to operate, country policy, fiscal provisions and laws, and can lead to delays or even the suspension of operations.

The projects in Sumatra are located in areas where there are indigenous communities and villages, and other land users. Any exploration and potential mining activities needs to appropriately consider the needs of these communities and land users and suitable land use compensation arrangements have to be entered into. The projects are carried out under Indonesian local legislation, which is subject to change from time to time.

Metal Prices Volatility

The Group's main focus is the gold and silver development of the Tembang project. The market prices for these commodities fluctuate widely. These fluctuations are caused by numerous factors beyond the Company's control. Causes of gold price fluctuations include the following:

- speculative positions taken by investors or traders in gold;
- changes in the demand for gold as an investment;
- changes in the demand for gold used in jewellery and for other industrial uses;
- changes in the supply of gold from production, disinvestment, scrap and hedging;
- financial market expectations regarding the rate of inflation;
- the strength of the dollar (the currency in which the gold price trades internationally) relative to other currencies;
- changes in interest rates;
- actual or expected gold sales by central banks and the International Monetary Fund;
- gold hedging and de-hedging by gold producers; and
- global or regional political or economic events.

A sustained period of significant gold price volatility may adversely affect the Group's ability to evaluate the feasibility of undertaking new capital projects or continuing existing operations or to make other long-term strategic decisions.

In order to mitigate this risk, the Group plans to hedge approximately 50% of its gold production.

Financial Review

During the half-year the Group recorded a loss of US$2.0 million after income tax. Total General Administrative expenses decreased to US$1.75 million as cost reduction initiatives took place during the period.

Subsequent to the half-year ended 30 June 2014, the Company received US$1.5 million to fund on-going working capital commitments while longer term funding is being negotiated.

At the end of the half-year the Group's cash position was US$0.11 million after receiving US$2.1 million proceeds from convertible loan notes offset by cash used in investing activities; US$3.8 million was expended, predominantly on property, plant and equipment related to the construction of the Tembang project, and operating activities of US$2.3 million.

Tandai Joint Venture

Sumatra will retain 100% of the Tandai Project following the withdrawal of Newcrest from the Tandai Joint Venture. Under the terms of the Deed of Termination and Release, Newcrest has paid the Group's subsidiary PT Bengkulu Utara Gold ("BUG") the sum of US$0.154 million in settlement of all outstanding expenses related to the Tandai Joint Venture.

Moving forward, Sumatra will hold 100% of the Tandai Project, although a number of regulatory and statutory notices still have to be completed before this arrangement is affected.

The Company is looking to farm-out the Tandai Project and intends to pursue this course of action now that the Indonesian election process has concluded.

Community Relations

PT Dwinad Nusa Sejahtera being a wholly owned subsidiary of the Company, which owns the Tembang Project, received an official "clean and clear" certificate from the Ministry of Energy and Mineral Resources ("ESDM") on 11 March 2014. While this process was a formality, this certificate is an important part of the final permitting process for the development of the Tembang Project.

The Company continues to work closely with the local authorities. During the half-year, a full delegation from the newly created local Regency, Musi Rawas Utara, including the newly appointed Bupati, Pak Akisropi Ayub, and his Mining and Forestry department heads visited the Tembang Project site. In addition, the Company's local Community Relations Manager was appointed to the position of General Secretary of the "Sumatera Regional Forum on Forests Land Reclamation".

Executive and Board Changes

There were no executive and/or Board changes during the six-month period ended 30 June 2014.

Going Concern

The Group's principal asset is the Tembang Project, which is expected to be significantly cash generative when it achieves commercial production. Due to the fall in metal prices in 2013 the project was suspended in December 2013 to allow additional drilling and feasibility work to be completed. In March 2014 the Company announced updated reserves for the Tembang project and released the results of its updated Definite Feasibility Study (DFS) in April 2014. Based on the DFS results, the Group estimates that approximately US$45 million of additional funding will be needed to achieve commercial production. An Independent Technical Advisor completed the review of this study for financiers in May 2014.

On 11 September 2014, the Company mandated Nomura Singapore Limited to arrange a funding package for a subsidiary of the Company to develop the Project. The Financing is expected to include higher levels of debt funding, equity compensation and a gold hedging facility. The Group expects project funding to be completed and construction to recommence during October 2014. On 11 September 2014 the group extended its convertible loan facility with its major shareholder by a further US$0.5 million to provide additional working capital through to the anticipated completion of longer term financing.

At 30 June 2014 the Group had cash of US$0.1 million and, excluding convertible loans from the Group's major shareholders, negative net current liabilities of US$6.6 million. Current liabilities include trade payable obligations for the purchase of construction equipment and services that have been scheduled to occur once the Tembang project financing is completed. The Group's major shareholders have provided additional working capital funding after the half-year ended 30 June 2014 to allow the Company to complete longer term financing.

The Group's detailed cash flow forecasts show that, subject to the receipt of the project funding, the Group has sufficient working capital for at least a year from the date this condensed interim financial statements are approved.

The Directors believe there to be a reasonable prospect of the Group completing the project funding and construction. However, the need to complete the project funding, and to manage the net current liability position, indicate the existence of material uncertainties, which may cast significant doubt as to the Group's ability to continue as a going concern. In the event that some combination of the above events fails to occur as expected, the Group may be unable to realise its assets and discharge its liabilities in the normal course of business.

The condensed interim financial statements do not include the adjustments that would result if the Group were unable to continue as a going concern.

Competent Person's Statement – Exploration Results

The information in this report that relates to Mineral Resources is based on information compiled by Mr Matthew Farmer, who is a full time employee of the Company and a Member of the Australasian Institute of Mining and Metallurgy. Mr Farmer 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 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Farmer consents to the inclusion in this report of the matters based on his information in the form and context in which it appears.

Competent Person's Statement – Mineral Resources

The information in the report to which this statement is attached that relates to the Mineral Resource estimates for Asmar, Berenai, Tembang-Anang and Bujang is based on information compiled by Mr Chris Black who is a member of AIG and a full time employee of Cube Consulting. Mr Chris Black has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the 'Australian code for reporting of Exploration Results, Mineral Resource and Ore Reserves'. Mr Chris Black consents to the inclusion in the report of the matter based on his information in the form and context in which it appears.

Competent Person's Statement – Mineral Resources

The information in the report to which this statement is attached that relates to the Mineral Resource estimate for Buluh and Belinau, is based on information compiled by Mr Robert Spiers who is a member of AIG and a full time employee of H & S Consultants Pty Ltd. Mr Robert Spiers has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the 'Australian code for reporting of Exploration Results, Mineral Resource and Ore Reserves'. Mr Robert Spiers consents to the inclusion in the report of the matter based on his information in the form and context in which it appears.

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 2012 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.

Events Occurring after the Balance Sheet Date

Subsequent to the half-year ended 30 June 2014, the Company entered into three variations of the Convertible Loan Facility Agreement on 3 July 2014, 31 July 2014 and 11 September 2014 to drawdown an additional US$0.5 million, US$0.5 million and US$0.5 million, respectively. The additional US$1.5 million has been drawn for the purpose of providing the Company with working capital through the anticipated full funding of the Tembang Project during the third calendar quarter of 2014.

On 11 September 2014, the Company mandated Nomura Singapore Limited to arrange a funding package for a subsidiary of the Company to develop the Project. The Financing is expected to include higher levels of debt funding, equity compensation and a gold hedging facility.

Signed in Perth this 12th day of September 2014
in accordance with a resolution of the Board of Directors:

Julian Ford
Managing Director

SUMATRA COPPER & GOLD PLC

CONDENSED INTERIM CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE HALF-YEAR ENDED 30 JUNE 2014

	Notes	Half-year ended 30 June 2014 (Unaudited) US$000	Half-year ended 30 June 2013 (Unaudited) US$000
Continuing operations			
General administrative expenses – before impairment		(1,748)	(1,911)
Provision for impairment of exploration and evaluation assets	12	(237)	(4,636)
General administrative expenses – after impairment		(1,985)	(6,547)
Operating loss		**(1,985)**	**(6,547)**
Financial income	5	15	77
Financial costs	6	(80)	(899)
Net financing costs		**(65)**	**(822)**
Share of profit in associate	13	19	-
Loss before income tax		**(2,031)**	**(7,369)**
Income tax expense	8	-	-
Loss for the period		**(2,031)**	**(7,369)**
Other comprehensive loss for the period			
Items that may be reclassified to profit or loss			
Foreign exchange translation differences		444	(500)
Total comprehensive loss for the period attributable to owners of the parent		**(1,587)**	**(7,869)**
Loss per share attributable to owners of the parent entity – basic and diluted (cents per share)	9	(0.49)	(2.54)

The Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes.

CONDENSED INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2014

	Notes	30 June 2014 (Unaudited) US$000	31 December 2013 (Audited) US$000
ASSETS			
Non-current assets			
Property, plant and equipment	11	43,573	40,019
Exploration and evaluation assets	12	-	-
Investment in equity accounted associate	13	2,660	2,681
Total non-current assets		**46,233**	**42,700**
Current assets			
Prepayments and other receivables		2,072	1,586
Loan to associate		-	114
Cash and cash equivalents		113	4,127
Total current assets		**2,185**	**5,827**
TOTAL ASSETS		**48,418**	**48,527**
LIABILITIES & EQUITY			
Non-current liabilities			
Borrowings	14	506	601
Total non-current liabilities		**506**	**601**
Current liabilities			
Trade and other payables		8,433	9,017
Borrowings	14	314	314
Convertible loans	15	4,600	2,500
Total current liabilities		**13,347**	**11,831**
Total liabilities		**13,853**	**12,432**
Equity attributable to owners of the parent			
Ordinary shares		6,800	6,800
Share premium account		54,676	54,676
Other reserves		536	1,417
Accumulated losses		(27,447)	(26,798)
Total equity		**34,565**	**36,095**
TOTAL LIABILITIES & EQUITY		**48,418**	**48,527**

The Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes.

CONDENSED INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE HALF-YEAR ENDED 30 JUNE 2014

For the half-year ended 30 June 2014

	Attributable to the owners of the Parent						
	Ordinary shares (Unaudited) US$000	**Share premium account (Unaudited) US$000**	**Translation reserve (Unaudited) US$000**	**Share based payments reserve (Unaudited) US$000**	**Convertible loan reserve (Unaudited) US$000**	**Accumulated losses (Unaudited) US$000**	**Total equity (Unaudited) US$000**
Balance at 1 January 2014	**6,800**	**54,676**	**(1,728)**	**2,130**	**1,015**	**(26,798)**	**36,095**
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD							
Loss for the period	-	-	-	-	-	(2,031)	(2,031)
Other comprehensive income							
Foreign currency translation differences	-	-	444	-	-	-	444
Total comprehensive (expense)/income	-	-	444	-	-	-	444
Total comprehensive income/(expense) for the period	-	-	444	-	-	(2,031)	(1,587)
TRANSACTIONS WITH EQUITY HOLDERS							
Options lapsed during the period	-	-	-	(1,382)	-	1,382	-
Share option charge for the period	-	-	-	57	-	-	57
Total transactions with equity holders	-	-	-	(1,325)	-	1,382	57
Balance at 30 June 2014	**6,800**	**54,676**	**(1,284)**	**805**	**1,015**	**(27,447)**	**34,564**

The Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes.

CONDENSED INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF-YEAR ENDED 30 JUNE 2014

For the half-year ended 30 June 2013

	Attributable to the owners of the Parent						
	Ordinary shares (Unaudited) US$000	**Share premium account (Unaudited) US$000**	**Translation reserve (Unaudited) US$000**	**Share based payments reserve (Unaudited) US$000**	**Convertible loan reserve (Unaudited) US$000**	**Accumulated losses (Unaudited) US$000**	**Total equity (Unaudited) US$000**
Balance at 1 January 2013	**4,401**	**30,554**	**(413)**	**1,829**	**1,015**	**(7,925)**	**29,461**
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD							
Loss for the period	-	-	-	-	-	(7,369)	(7,369)
Other comprehensive expense							
Foreign currency translation differences	-	-	(500)	-	-	-	(500)
Total comprehensive expense	-	-	(500)	-	-	-	(500)
Total comprehensive expense for the period	-	-	(500)	-	-	(7,369)	(7,869)
TRANSACTIONS WITH EQUITY HOLDERS							
Share issue during the period	2,399	25,414	-	-	-	-	27,813
Share issue cost	-	(1,292)	-	-	-	-	(1,292)
Share option charge for the period	-	-	-	(26)	-	-	(26)
Total transactions with equity holders	2,399	24,122	-	(26)	-	-	(26,495)
Balance at 30 June 2013	**6,800**	**54,676**	**(913)**	**1,803**	**1,015**	**(15,294)**	**48,087**

The Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes.

CONDENSED INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE HALF-YEAR ENDED 30 JUNE 2014

	Notes	Half-year ended 30 June 2014 (Unaudited) US$000	Half-year ended 30 June 2013 (Unaudited) US$000
Cash flows from operating activities			
Cash used in operations	10	(2,381)	(2,015)
Net cash flows used in operating activities		(2,381)	(2,015)
Cash flows from investing activities			
Payments for property, plant and equipment	11	(3,575)	(5,447)
Payments for exploration and evaluation	12	(237)	(2,418)
Loans and investments repaid by associate		154	-
Interest income received		15	77
Net cash flows used in investing activities		(3,643)	(7,788)
Cash flows from financing activities			
Proceeds from convertible notes	15	2,100	-
Repayment of borrowings		(78)	-
Interest paid		(17)	(553)
Repayment of convertible notes		-	(5,117)
Proceeds from issue of share capital		-	27,813
Share issue cost		-	(1,292)
Net cash flows provided by financing activities		2,005	20,851
Net (decrease)/increase in cash and cash equivalents		(4,019)	11,048
Cash and cash equivalents at beginning of the half-year		4,127	7,812
Exchange on cash and cash equivalents		5	(559)
Cash and cash equivalents at the end of the half year		113	18,301

The Consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes.

1. General information

The registered number of Sumatra Copper & Gold plc (the 'Company') is 5777015. The Company was incorporated in England on 11 April 2006 in the form of a company limited by shares and was later changed to a public limited company. It is domiciled in the United Kingdom. The Company's shares are traded in the form of CHESS Depositary Interests on the Australian Stock Exchange.

The Company acts as the parent company of the Group.

The Company's registered address is 39 Parkside, Cambridge CB1 1PN United Kingdom.

These condensed interim financial statements do not comprise statutory accounts within the meaning of section 434 of the Companies Act 2006. Statutory accounts for the year ended 31 December 2013 were approved by the Board of Directors on 31 March 2014 and delivered to the Registrar of Companies. The report of the auditors on those accounts was unqualified and did not contain any statement under section 498 of the Companies Act 2006. The report of the auditors contained an emphasis of matter paragraph in relation to going concern.

2. Basis of preparation

(a) Going concern

The Group's principal asset is the Tembang Project, which is expected to be significantly cash generative when it achieves commercial production. Due to the fall in metal prices in 2013 the project was suspended in December to allow additional drilling and feasibility work to be completed. In March 2014 the Company announced updated reserves for the Tembang project and released the results of its updated Definite Feasibility Study (DFS) in April 2014. Based on the DFS results, the Group estimates that approximately US$45 million of additional funding will be needed to achieve commercial production. An Independent Technical Advisor completed the review of this study for financiers in May 2014.

On 11 September 2014, the Company mandated Nomura Singapore Limited to arrange a funding package for a subsidiary of the Company to develop the Project. The Financing is expected to include higher levels of debt funding, equity compensation and a gold hedging facility. The Group expects project funding to be completed and construction to recommence during October 2014. On 11 September the group extended its convertible loan facility with its major shareholder by a further US$0.5 million to provide additional working capital through to completion of longer term financing.

At 30 June 2014 the Group had cash of US$0.1 million and, excluding convertible loans from the Group's major shareholders, negative net current liabilities of US$6.6 million. Current liabilities include trade payable obligations for the purchase of construction equipment and services that have been scheduled to occur once the Tembang project financing is completed. The Group's major shareholders have provided additional working capital funding after the half-year ended 30 June 2014 to allow the Company to complete longer term financing.

The Group's detailed cash flow forecasts show that, subject to the receipt of the project funding, the Group has sufficient working capital for at least a year from the date this condensed interim financial statements are approved.

The Directors believe there to be a reasonable prospect of the Group completing the project funding and construction. However, the need to complete the project funding, and to manage the net current liability position, indicate the existence of material uncertainties, which may cast significant doubt as to the Group's ability to continue as a going concern. In the event that some combination of the above events fails to occur as expected, the Group may be unable to realise its assets and discharge its liabilities in the normal course of business.

The condensed interim financial statements do not include the adjustments that would result if the Group was unable to continue as a going concern.

(b) Statement of compliance

These condensed interim financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and IFRS Interpretations Committee (IFRS IC) as adopted by the European Union and the Companies Act 2006 applicable to companies reporting under IFRS.

These condensed interim financial statements have been reviewed, not audited.

These condensed interim financial statements have been approved by the Board of Directors on 12 September 2014.

(c) Basis of measurement

The accounting policies applied by the Group in this condensed interim consolidated financial report are consistent with those applied by the Group in its consolidated annual financial statements as at and for the financial year ended 31 December 2013.

The condensed interim consolidated financial statements have been prepared on the historical cost basis except for the following:

- convertible notes are measured at fair value;
- share based payments are measured at fair value; and
- property, plant and equipment as it has been subject to impairment test using fair value less cost to sell (FVLCS) methodology.

(d) Functional and presentation currency

The condensed interim consolidated financial statements are presented in US dollars, which is the Group's presentation currency. The functional currency of the Company and the Company's subsidiary in which the Group holds the Tembang assets (PT Dwinad Nusa Sejahtera) is US dollars, and the functional currency of the Company's other foreign subsidiaries is Indonesian rupiah. The functional currency of each of the Group's entities is measured using the currency of the primary economic environment in which that entity operates.

(e) Use of estimates and judgements

The preparation of condensed interim financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

In particular, information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amount recognised in the interim financial statements are described in the following notes:

Note 11 – Provision for impairment of property, plant and equipment
Note 13 – Investment in equity accounted associate - carrying value of investment (BUG)

Impairment of Property, Plant and Equipment

The Company identified impairment indicators such as the Company's market capitalisation being lower than the value of the long-term assets. The Company performed an impairment test using projected cash flows based on proven and probable reserves only, resulting from the Definite Feasibility Study (DFS) and the updated Life-of-Mine Plan (LOM). As a result, during the half-year ended 30 June 2014 the company did not recognise provision for impairment as the net present value of the projected cash flows exceeded the carrying value of its property, plant and equipment (refer note 11). The Company believes that, with further drilling and feasibility work, additional resources will be converted into reserves, mine life will be extended and cash flows will increase at the same rate of gold price.

During the year ended 31 December 2013, the Company recognised an impairment charge of US$8.6 million on its property, plant and equipment due to market consensus on long-term gold along with reduced long term projected cash flows resulting from drilling campaigns conducted during that year on Tembang (refer note 11).

3. Financial risk management

Financial risk factors

The Group's activities expose it to a variety of financial risks: liquidity risk, foreign currency risk and credit risk.

The condensed interim financial statements do not include all financial risk management information and disclosures required in the annual financial statements; they should be read in conjunction with the Group's annual financial statements as at 31 December 2013. There have been no changes in any financial risk management policies since the year-end.

Liquidity risk

Compared to the year-end there has been no material change to the Group's liquidity risk.

4. Segment information

IFRS 8 'Operating segments' requires a management approach under which segment information is presented on the same basis as that provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the steering committee that makes strategic decisions. For the Group, internal reporting is based on the Group's two geographical markets: Australia and Indonesia. (Hence segment information is reported in the same manner). The Group operates in one principal area of activity, that of exploration and development of gold tenements.

Revenue, loss before tax and net assets are all within one activity, that of gold exploration and development.

Segment information on a geographical basis is set out below. Group revenue for the half-year to 30 June 2014 was $nil (2013: $nil). Accordingly no segment revenue has been provided.

Half-year to 30 June 2014: (unaudited)

	Australia US$000	Indonesia US$000	Total US$000
Operating loss	(1,726)	(259)	(1,985)
Net financial income/(cost)	15	(80)	(65)
Share of profit in associate	-	19	19
Loss before tax	**(1,711)**	**(320)**	**(2,031)**
Segment assets	**3,412**	**45,006**	**48,418**
Segment liabilities	**5,572**	**8,281**	**13,853**

Half-year to 30 June 2013: (unaudited)

	Australia US$000	Indonesia US$000	Total US$000
Operating loss	(1,882)	(4,665)	(6,547)
Net financial (costs)/income	(823)	1	(822)
Loss on ordinary activities before tax	(2,705)	(4,664)	(7,369)
Segment assets	16,293	35,788	52,081
Segment liabilities	272	3,721	3,993

5. Financial Income

	Half-year ended 30 June 2014 (Unaudited) US$000	Half-year ended 30 June 2013 (Unaudited) US$000
Bank interest income	15	77
	15	**77**

6. Financial Costs

	Half-year ended 30 June 2014 (Unaudited) US$000 US$000	Half-year ended 30 June 2013 (Unaudited) US$000 US$000
Foreign exchange gain/(loss)	237	(535)
Bank interest expense and other facilities	(64)	(1)
Interests on convertible loan	-	(158)
Accretion expense on convertible loan and borrowings	(238)	(205)
	(65)	**(899)**

7. Dividends

No dividends have been paid or provided for during the half-year ended 30 June 2014 (half-year ended 30 June 2013:$nil).

8. Income tax expense

There was no income tax expense in the half-year ended 30 June 2014 (half-year ended 30 June 2013: $nil) and expected to be nil for the full year due to the losses incurred.

9. Loss per share

	Half-year ended 30 June 2014 (Unaudited) US$000	Half-year ended 30 June 2013 (Unaudited) US$000
Loss attributable to ordinary shareholders (US$000)	(2,031)	(7,369)
Issued ordinary shares at start of the year	414,467,651	153,914,181
Effect of issue of shares	-	136,710,459
Weighted average number of shares	**414,467,651**	**290,624,640**
Loss per share in US$ cents per share	**(0.49)**	**(2.54)**

For fully diluted loss per share, the weighted average number of ordinary shares in issue is adjusted to assume conversion of dilutive potential ordinary shares. The Group's potentially dilutive securities consist of share options. As the Group is loss making, none of the potentially dilutive securities are currently dilutive.

10. Cash used in operations

	Half-year ended 30 June 2014 (Unaudited) US$000	Half-year ended 30 June 2013 (Unaudited) US$000
Cash flows from operating activities		
Loss before tax	(2,031)	(7,369)
Adjustments for:		
Provision for impairment of exploration and evaluation assets	237	4,636
Share in profit of associate	(19)	-
Depreciation	21	32
Share options expense/(income)	57	(26)
Financial income	(15)	(77)
Financial expense	65	899
Operating loss before working capital changes	**(1,685)**	**(1,905)**
Increase in prepayments and other receivables	(486)	(85)
Decrease in trade payables, accruals and other liabilities	(209)	(25)
Cash used in operations	**(2,381)**	**(2,015)**

11. Property, Plant & Equipment

	30 June 2014 (Unaudited) US$000	31 December 2013 (Audited) US$000
Opening balance 1 January	40,019	182
Additions	3,575	20,711
Transfer from exploration and evaluation costs (refer note 13)	-	27,752
Depreciation charge for the period	(21)	(58)
Provision for impairment of property, plant and equipment[(a)]	-	(8,568)
Net book Value at period end	**43,573**	**40,019**

Property, plant and equipment includes: development assets, plant and equipment, fittings and fixtures and pre-feasibility costs mainly associated with the Tembang project.

(a) Provision for Impairment of Property, Plant and Equipment

As the Group identified impairment indicators such as the Company's market capitalisation being lower than the value of the long-term assets, the Group performed an impairment test on the recoverability of its assets.

The Group is currently developing its 100%-owned Tembang Project, therefore the Group determined the Tembang project the cash generating unit (CGU) for impairment purposes. The recoverable amount of the CGU was considered based on fair value less cost to sell (FVLCS). FVLCS was determined as the present value of the estimated real future cash flows expected to arise from the Tembang project using assumptions that an independent market participant may consider. These cash flows were discounted using a real after-tax discount rate that reflected current market assessments of the time value of money and the risks specific to the CGU.

The basis for determination of the recoverable amount was:

- Gold price of US$1,300/oz. and Silver price of US$20/oz. – future commodity prices were based on the 2014 consensus views from market participants in the period;
- Gold and Silver production – future gold and silver production was based on the Definite Feasibility Study (DFS)

and Group's Life of Mine Plan (LOM). (31 December 2013: updated Group's Life of Mine Plan);

- Current (LOM) is based only on proven and probable reserves as per DFS (31 December 2013: measured and indicated resources as per DFS). Inferred material included in the mine plan was treated as waste.
- Operating and capital cost – these costs were based on management's best estimates at the time of the impairment testing;
- Foreign exchange rates – Indonesian Rupiah to US dollar exchange rates were based on the forward curve and consensus views; and
- Discount rate – a post–tax real discount rate of 9.0% (31 December 2013: 9.0%).

The assumptions above were revised by an Independent Technical Advisor for financing purposes. The cash flows are based on proven and probable reserves only. The Company also believes that, with further drilling and feasibility work, the additional resources will be converted into reserves, mine life will be extended and cash flows will increase at the same rate as the gold price.

Based on the above review, the Group is of the opinion that no impairment exists for the half-year ended 30 June 2014, however, any material negative change in the above assumptions may result in a future impairment occurring. (for the year ended 31 December 2013: provision for impairment of US$8.6 million).

12. Exploration and evaluation assets

	30 June 2014 Unaudited US$000	31 December 2013 Audited US$000
Balance at the beginning of the period	-	25,704
Expenditure incurred during the period	237	6,681
Provision for impairment of exploration and evaluation assets	(237)	(4,633)
Transferred to property plant and equipment	-	(27,752)
Balance at the period end	-	-

During the half-year ended 30 June 2014 the Directors wrote off the carrying value of exploration and evaluation costs totalling US$0.112 million (half-year ended 30 June 2013 and year ended 31 December 2013: US$4.6 million). These costs were associated with the Company's Sontang, Jambi, Madina 1, Madina 2 and Musi Rawas projects as no further exploration work is currently planned on these properties.

During the year ended 31 December 2013 the exploration and evaluation costs associated with the Group's Tembang project were reclassified as development assets following receipt of the final government approvals.

13. Investment in equity accounted associate

	30 June 2014 (Unaudited) US$000	31 December 2013 (Audited) US$000
Opening balance 1 January	2,681	2,811
Payment received by associate	(40)	-
Share of profit/(loss) in associate	19	(130)
Closing balance at period end	**2,660**	**2,681**

During the half-year ended 30 June 2014 no major exploration activities were undertaken in the area. It is expected to resume the activities during the end of 2014.

On 30 May 2014, Sumatra entered into a "Deed of Termination and Release" with respect to Tandai Joint Venture entered into with Newcrest Mining Limited. Under the terms of the Deed of Termination and Release, Newcrest paid Sumatra US$0.154 million (US$0.04 million repayment of investment and US$0.114 million as repayment of loan) in settlement of all outstanding expenses. Going forward Sumatra will hold 100% of the Tandai Project. However, a number of regulatory and statutory notices still have to be completed before this arrangement is affected.

14. Borrowings

The Company entered into a US$1.107 million 36-month financing facility with Atlas Copco Customer Finance AB during December 2013, to finance an underground drill rig. A payment of US$0.193 million was made at commencement of the facility, with the remaining principal repayable in monthly equal instalments (plus interest at a fixed rate of 7.5%) commencing 31 December 2013. The outstanding liability as at 30 June 2014 is US$0.820 million of which US$0.314 million is payable within 12 months. (30 June 2013: Nil).

15. Convertible Loan

	30 June 2014 US$000	31 December 2013 US$000
Convertible loan note Provident Capital Partners[a]	4,600	2,500
	4,600	**2,500**

(a) Convertible loan - Fair value

On 18 December 2013, the Company entered into a ”Convertible Loan Facility Agreement” with Provident Capital Partners (“PCP”) to provide an unsecured convertible debt facility of US$4.0 million. The facility was drawn down in two tranches; the first tranche of US$2.5 million (draw down during the year ended 2013) and the second tranche of US$1.5 million drawn down on 6 March 2014. During the half-year ended 30 June 2014 the Company entered into a variation of the Convertible Loan Facility on 26 May 2014 to drawdown an additional US$0.6 million (tranche 3). Interest is creditable under the facility at 9% per annum (compounded monthly on the last day of the month and accrued daily and calculated on the basis of a 360 days year), payable in cash upon repayment of the facility, with a facility fee of 3% to be capitalised and repaid on 18 December 2014. There is no equity component in this convertible loan and therefore the Company has accounted for the convertible loan as a financial liability at fair value through the profit and loss account. There has been no gain or loss recognised in the half-year ended 30 June 2014.

Subsequent to 30 June 2014; the Company entered into three variations of the Convertible Loan Facility Agreement on 3 July 2014, on 31 July 2014 and on 11 September 2014, to drawdown an additional US$0.5 million, US$0.5 million and US$0.5 million respectively. The additional US$1.5 million has been drawn for the purpose of providing the Company with working capital through the anticipated full funding of the Tembang Project during the third calendar quarter of 2014.

16. Issued capital

	Half-year ended 30 June 2014 (Unaudited) Number of shares	Half-year ended 30 June 2013 (Unaudited) Number of shares
Share capital		
Ordinary shares on issue at 1 January – fully paid	414,467,651	258,621,681
Issue of shares	-	155,845,970
Ordinary shares on issue at 30 June – fully paid	414,467,651	414,467,651

During the half-year ended 30 June 2014 no shares were issued.

During the half-year ended 30 June 2013:

- The Group issued 38,000,000 shares for cash totalling A$8,360,000 (US$8,614,462) at A$0.22 per share.
- The Group issued 117,845,964 shares for cash totalling A$20,033,814 (US$19,197,391) at A$0.17 per share pursuant to a 2 for 5 non-renounceable rights issue.
- The Group issued 6 shares for cash totalling A$1.20 (US$1.00) at A$0.20 per share.

17. Options

Movement in unissued ordinary shares of the Company under option during the half-year ended 30 June 2014:

Exercise price[a]	Number of options at 31 December	Cancelled	Forfeited	Lapsed	Number of options at 30 June 2014	Expiry date
A$0.16 (US$0.16)	31,250,000	-	-	(31,250,000)[b]	-	27 March 2014
A$0.20 (US$0.19)	3,530,000	-	-	-	3,530,000	26 October 2014
A$0.25 (US$0.23)	3,100,000	-	-	-	3,100,000	26 October 2014
A$0.25 (US$0.23)	3,500,000	-	-	-	3,500,000	14 June 2017
A$0.35 (US$0.33)	3,050,000	-	-	-	3,050,000	26 October 2014
A$0.50 (US$0.47)	2,500,000	(2,500,000)[c]	-	-	-	1 June 2016
	46,930,000	**(2,500,000)**	-	**(31,250,000)**	**13,180,000**	

(a) All options are exercisable in AU$ (presented in US$ at 30 June 2014 rate of $0.9419)
(b) These options issued to Macquarie Bank Limited were not exercised and as a result have expired. As these options were expensed in prior years, an amount of US$1.38 million was transferred from share-based payment reserve to accumulated losses.
(c) The Performance conditions attached to these options were not met by 30 June 2014 and as a result have been cancelled. The expense related to these options will remain in the share-based payment reserve.

As at 30 June 2014, 13,180,000 outstanding options of the Group were exercisable.

There were no options issued or granted during the half year ended 30 June 2014 (half-year ended 30 June 2013: Nil).

18. Performance Rights

Unissued Shares under Performance Rights at 30 June 2014 were 5,109,244 (at 30 June 2013: Nil)

Vesting date	Number of Performance Rights
31 December 2014	5,109,244
Balance	**5,109,244**

During the half-year ended 30 June 2014 the Company granted 5,109,244 in accordance with the rules of the Sumatra Copper & Gold Plc Long Term Incentive Plan (LTI Plan). The vesting condition requires a “performance hurdle” to be satisfied whereby the Company’s share price must exceed the performance of the Gold index (“XGD”) in respect of the relevant performance period (being the calendar year 2014) by more than 25%, in which case 100% of the granted performance rights will vest.

2014 Market performance objectives:

These performance rights are subjected to both service conditions and market vesting conditions. The Group is required to take into consideration the probability of reaching the target share price when estimating the fair value of these equity instruments at grant date. On this basis, the Group will continue to recognise expenses associated with providing this share based payment award to the employee as long as the service condition has been achieved, irrespective of whether the market condition is satisfied.

The fair value of services received in return for these performance rights granted are measured by reference to the fair value of the performance rights. On grant date the estimate of the fair value of the services received is measured based on the spot price at the date of grant. The contractual life of the performance right is used as an input into this model.

The following table summarises the key data in relation to the valuation of market performance rights granted under the LTI Plan are as follows:

Performance condition	**Company's share price against group of peer companies for 2015**
Underlying spot price	A$0.05
Exercise price	$0.00
Valuation date	30 May 2014
Vesting date	31 December 2014
Vesting period from grant date	7 months
Number of rights	5,109,244
Valuation per right	A$0.05
Valuation per performance condition	A$255,462
Entitled number of employees	3

19. Related party transactions

Key management personnel, or their related parties, hold positions in other entities that result in them having control or significant influence over the financial or operating policies of those entities. These entities may enter into transactions with the Company or its subsidiaries. The terms and conditions of such transactions are no more favourable than those available, or which might reasonably be expected to be available, to non-director related entities dealing with the Company.

During the half-year ended 30 June 2014, the company did not hold transactions with Karen Ford, wife of Managing Director Julian Ford. During the half year ended 30 June 2013, the Company sub-leased office space for its Perth office from Karen Ford, wife of Managing Director Julian Ford. The charge covered rental accommodation, utilities and office expenses. Fees paid to Karen Ford, which were in the ordinary course of business and on normal terms and conditions, amounted to US$24,381. At 30 June 2014 and at 30 June 2013 there was an amount outstanding of Nil.

During the half-year ended 30 June 2014 the Company was invoiced US$29,404 (30 June 2013: Nil) by Hunter Corporate, for company secretary services. Hunter Corporate is a company associated with Susan Hunter who is the Joint Company Secretary. At 30 June 2014 there was no amount outstanding (30 June 2013: Nil).

During the half-year ended 30 June 2014 the Company was invoiced US$4,297 (30 June 2013: US$4,043) by Barr Ellison LLP Solicitors, for company secretary services and legal advice in the United Kingdom. Barr Ellison LLP Solicitors is a company associated with Allison Barr who is the Joint Company Secretary. As at 30 June 2014 there was an amount outstanding of US$2,161 to be paid (30 June 2013: Nil).

20. Commitments and Contingency

Contingency

The Group will incur rehabilitation costs when mining operations are completed. At the current stage of development, the amount requiring rehabilitation is minimal; therefore, at the date of this report no provision has been recognised.

21. Events occurring after the balance sheet date

Subsequent to the half-year ended 30 June 2014, the Company entered into three variations of the Convertible Loan Facility Agreement on 3 July 2014, on 31 July 2014 and on 11 September 2014, to drawdown an additional US$0.5 million, US$0.5 million and US$0.5 million respectively. The additional US$1.5 million has been drawn down for the purpose of providing the Company with working capital through the anticipated full funding of the Tembang Project during the third calendar quarter of 2014.

On 11 September 2014, the Company mandated Nomura Singapore Limited to arrange a funding package for a subsidiary of the Company to develop the Tembang Gold Project. The Financing is expected to include higher levels of debt funding, equity compensation and a gold hedging facility.

Independent review report to Sumatra Copper & Gold plc

Report on the condensed interim consolidated financial statements

Our conclusion

We have reviewed the condensed interim consolidated financial statements, defined below, in the half-yearly financial report of Sumatra Copper & Gold Plc for the six months ended 30 June 2014. Based on our review, nothing has come to our attention that causes us to believe that the condensed interim consolidated financial statements are not prepared, in all material respects, in accordance with International Accounting Standard 34 as adopted by the European Union and the Australian Stock Exchange Rule 4.2A.

Emphasis of matter – Going Concern

In forming our conclusion, which is not modified, we have considered the adequacy of the disclosure in note 2 to the condensed interim consolidated financial statements concerning the Group's ability to continue as a going concern. The Group requires further financing and needs to manage the net current liability position to enable it to continue in operation. The further financing has not yet been finalised at the date of approval of the condensed interim consolidated financial statements. These circumstances indicate the existence of a material uncertainty which may cast significant doubt about the Group's ability to continue as a going concern. The condensed interim consolidated financial statements do not include any adjustments that would result if the Group was unable to continue as a going concern.

This conclusion is to be read in the context of what we say in the remainder of this report.

What we have reviewed

The condensed interim consolidated financial statements, which are prepared by Sumatra Copper & Gold Plc, comprise:

- the condensed interim consolidated statement of financial position as at 30 June 2014;
- the condensed interim consolidated statement of profit or loss and other comprehensive income for the period then ended;
- the condensed interim consolidated statement of cash flows for the period then ended;
- the condensed interim consolidated statement of changes in equity for the period then ended; and
- the explanatory notes to the condensed interim consolidated financial statements.

As disclosed in note 2, the financial reporting framework that has been applied in the preparation of the full annual financial statements of the group is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

The condensed interim consolidated financial statements included in the half-yearly financial report have been prepared in accordance with International Accounting Standard 34, 'Interim Financial Reporting', as adopted by the European Union and the Australian Stock Exchange Rule 4.2A.

What a review of condensed interim consolidated financial statements involves

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410, 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity' issued by the Auditing Practices Board for use in the United Kingdom. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures.

A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK and Ireland) and, consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

We have read the other information contained in the half-yearly financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed interim consolidated financial statements.

Responsibilities for the condensed interim consolidated financial statements and the review

Our responsibilities and those of the directors

The half-yearly financial report, including the condensed interim consolidated financial statements, is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the half-yearly financial report in accordance with the Australian Stock Exchange Listing Rules.

Our responsibility is to express to the company a conclusion on the condensed interim consolidated financial statements in the half-yearly financial report based on our review. This report, including the conclusion, has been prepared for and only for the company for the purpose of complying with the Australian Stock Exchange Rule 4.2A and for no other purpose. We do not, in giving this conclusion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP
Chartered Accountants
12 September 2014
Cambridge

Notes:

(a) The maintenance and integrity of the Sumatra Copper & Gold Plc website is the responsibility of the directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website.

(b) Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.