

ASX Announcement

22 October 2014



US\$45M Facility for Tembang Gold Project

Further to the Sumatra Copper & Gold plc (ASX: SUM) (“the Company”) announcement on 10 October 2014, the Company is pleased to announce that its wholly owned subsidiary, PT Dwinad Nusa Sejahtera (“DNS”), has signed a senior secured debt facility of up to US\$45 million (“Facility”) with Nomura Singapore Limited (“Nomura”) and Indonesia Eximbank (“EXIM”). The Facility is to fund the commercial development of its Tembang Gold Project located in southern Sumatra, Indonesia (“the Project”).

The key terms of the Facility are as follows:

- US\$45 million Senior Secured Term Debt Facility. An initial tranche (“Tranche 1”) of US\$40 million will be available for drawdown within 30 days of signing documentation. A second tranche (“Tranche 2”) of US\$5 million will be available to be drawn on the date of practical completion of the process plant, provided that completion takes place within 12 months of the date of drawdown of Tranche 1. The gold price must be above US\$1,125 per ounce at the proposed date of drawdown for Tranche 2 to be drawn.
- Hedging arrangements with Nomura Singapore Limited that will allow DNS to hedge up to 65% of its gold and silver production over the term of the Facility. DNS anticipates hedging 50% of gold and silver production at drawdown and increasing hedge levels closer to the expected date of commencement of production.
- Interest rate of 7.5% per annum increasing to 10.0% after 18 months. Upon any prepayment or repayment of the loan DNS will be required to pay a redemption premium that will result in the lenders receiving an amount equal to 15% per annum (including interest).
- 250,597,351 warrants each convertible into one CHESSE Depositary Interest (“CDI”) in the Company. 222,753,201 warrants will be issued on Tranche 1 drawdown and a further 27,844,150 warrants on Tranche 2 drawdown. The exercise price of each warrant will be A\$0.057 and the term of the warrants will be 3 years from the drawdown date. The issue of the warrants will be subject to approval of the shareholders of the Company (“Shareholders”) and provision of the loan under the Facility. If the warrants are not exercised during the term of the warrants the Company will be obliged to pay Nomura a cash settlement amount of US\$3.6 million on Tranche 1 and US\$0.45 million on Tranche 2. This cash settlement amount can be settled through the issue of CDIs in the Company. A General Meeting of Shareholders seeking Shareholder approval for the issue of warrants will be held at 10.30am (Perth time) on Monday, 27 October 2014.
- Tranche 1 will be drawn down in a lump sum. No fixed repayment amounts are established. 85% of cash generated from the Project will be repaid each quarter and the balance of unpaid funds is due in a bullet payment at the end of the 3-year term. Interest will be paid quarterly with the redemption premium payable at the end of the loan period.

Directors

Steve Robinson
Non-Executive Chairman

Julian Ford
Managing Director & CEO

Adi Sjoekri
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Drawdown under the Facility is subject to Shareholder approval for the issue of the warrants and registration of security. An arrangement fee of 3.5% is payable on drawdown.

The Facility will be secured against a number of assets including the shares held by the Company in DNS. Subject to certain exceptions, all other loans and advances made to DNS, the Company and its subsidiaries will be subordinated to the interests of the lenders under the Facility until all payment obligations of the Facility have been repaid.

The Company is required to raise US\$5 million in equity within 6 months of drawdown and, should the Company be unable to utilise Tranche 2, an amount of US\$5 million in further equity raise is required.

“The signing of the documentation for the Tembang Finance Facility is a major milestone for the Company that will allow the construction and commissioning of the Tembang gold mine. Tembang is forecast to be a low cost gold and silver producer which will generate strong cash-flow under almost all foreseeable gold price scenarios” said Managing Director Julian Ford. “The Project shows excellent exploration upside and the processing plant has been designed with expansion in mind. There is a very positive atmosphere in Jakarta following the inauguration of new President Joko Widodo. The execution of the Facility with Indonesian and Asian financial backing a day after the President’s inauguration is symbolic of that new enthusiasm for Indonesia’s future”.

The Company will recommence construction at the Project as soon as Tranche 1 of the Facility is drawn down, expected in early November 2014.

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For further information please contact:

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About Sumatra Copper & Gold

Sumatra Copper & Gold plc (ASX: SUM) is an emerging gold and silver producer and the pre-eminent precious metals explorer in southern Sumatra, Indonesia. The Company has a significant project portfolio encompassing projects ranging from greenfields exploration projects to brownfields, near-production opportunities.