



30 October 2009

The Manager Companies  
ASX Limited  
20 Bridge Street  
Sydney NSW 2000

(7 pages by email)

Dear Madam

**REPORT ON ACTIVITIES FOR THE QUARTER ENDED  
30 SEPTEMBER 2009**

**HIGHLIGHTS**

- **The Initial Public Offering of the Company closed fully subscribed, raising \$12.0 million for the issue of 60 million chess depositary interests.**
- **Approval received from the Foreign Investment Co-ordinating Board of Indonesia for the formation of four PMA companies, to be held 92.5 % by the Company.**
- **The Company's net attributable JORC compliant resources total 1.99 million ounces of gold and 22.3 million ounces of silver.**
- **Continued exploration work at the Company' projects.**
- **Rock chip samples at the Sontang project yield results of up to 1.17 g/t gold, 1,230 g/t silver, 10.3% lead and 0.08% zinc.**

1. **The Initial Public Offering of the Company closed fully subscribed, raising \$12.0 million for the issue of 60 million chess depositary interests**

A primary focus of the Company's activities in the quarter has been the Company's Initial Public Offering ('IPO') which closed fully subscribed. The Company issued 60 million chess depositary interests at \$0.20, each representing one fully paid ordinary share, to raise \$12.0 million.

Following the end of the quarter the Company was admitted to the Official List of the Australian Securities Exchange on 23 October 2009 and the Company's securities commenced trading on 26 October 2009.

2. **Approval received from the Foreign Investment Co-ordinating Board of Indonesia ('BKPM') for the formation of four PMA companies, to be held 92.5 % by the Company**

On 6 August 2009 the Company received approval in writing from the BKPM for the formation of four PMA companies, PT Lebong Gold, PT Bengkulu, PT Jambi Gold and PTR Musi Rawas Gold, to be held 92.5 % by the Company. These companies will hold the IUPs (licences) under the new Indonesian Mining Law promulgated in January 2009.

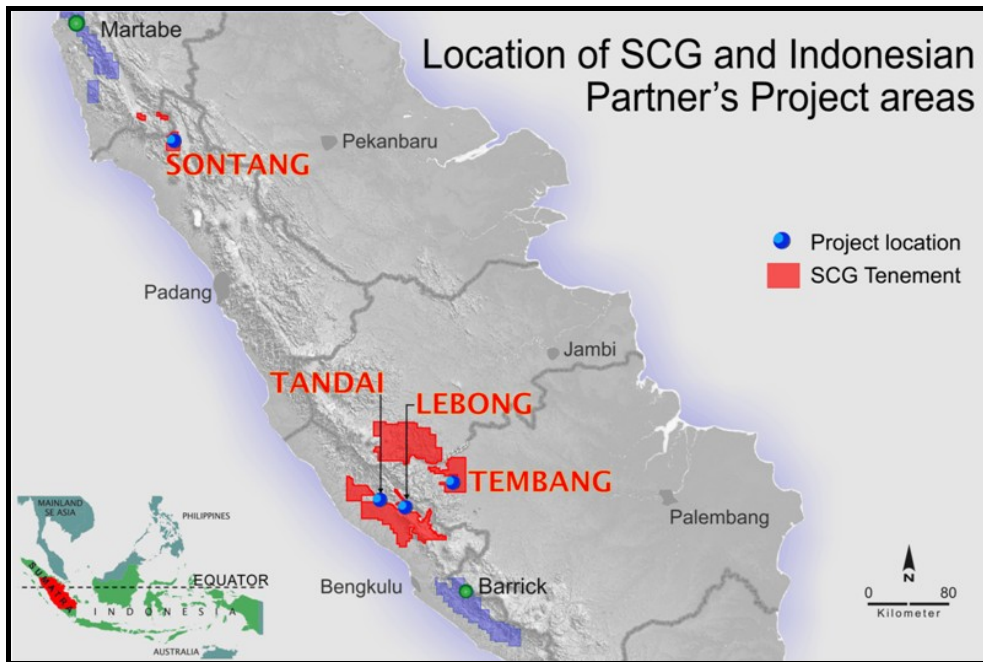
**SUMATRA COPPER & GOLD plc** ABN 14 136 694 267

Level 2, 66 Hunter Street, Sydney NSW 2000 Australia P +61 2 9300 3377 F +61 2 9221 6333

E [info@sumatra-copper-gold.com](mailto:info@sumatra-copper-gold.com) W [www.sumatra-copper-gold.com](http://www.sumatra-copper-gold.com)

### 3. Continued exploration work at the Company's projects

The Company has interests in authorisations over a range of areas in Sumatra, Indonesia, that include JORC compliant mineral resource estimates at Tembang and Lebong, a multi-million ounce target at Tandai and a polymetallic discovery at Sontang. The environs of old mines represent an opportunity for exploration with an enhanced chance of success.



**Project Location Map**

This is reflected in the magnitude of the Company's resources and exploration targets which are either within or immediately adjacent to the old mine workings. The exception is Sontang, which is a new discovery by the Company and therefore has not previously been mined. The available data suggests potential for the development of open pit bulk mining at Tembang, Lebong and Tandai. Underground potential also exists at Lebong and Tandai.

As extracted from the Company's Prospectus dated 25 August 2009, the Company's mineral resource estimates are summarised as follows:

Project	Type	Category	Gross				Net Attributable to Sumatra*					
			Mt	Au g/t	Ag g/t	Au Moz	Ag Moz	Mt	Au g/t	Ag g/t	Au Moz	Ag Moz
TEMBANG	Vein	Measured	2.4	2.1	35.7	0.16	2.8	2.2	2.1	35.7	0.15	2.6
		Indicated	6.4	1.9	29.5	0.38	6.1	5.9	1.9	29.5	0.35	5.6
		Inferred	3.2	1.8	21.3	0.18	2.2	3.0	1.8	21.3	0.17	2.0
		<b>Sub-Total</b>	<b>12.0</b>	<b>1.9</b>	<b>28.6</b>	<b>0.73</b>	<b>11.0</b>	<b>11.1</b>	<b>1.9</b>	<b>28.6</b>	<b>0.68</b>	<b>10.2</b>
	Halo	Indicated	11.2	0.6	7.4	0.23	2.7	10.4	0.6	7.4	0.21	2.5
		Inferred	30.5	0.7	6.2	0.68	6.1	28.2	0.7	6.2	0.63	5.6
		<b>Sub-Total</b>	<b>41.7</b>	<b>0.7</b>	<b>6.5</b>	<b>0.91</b>	<b>8.8</b>	<b>38.6</b>	<b>0.7</b>	<b>6.5</b>	<b>0.84</b>	<b>8.1</b>
All	Total	53.7	1.0	11.5	1.64	19.8	49.7	1.0	11.5	1.52	18.3	
Lebong	Vein	Inferred	13.0	1.2	10.2	0.51	4.3	12.0	1.2	10.2	0.47	4.0
<b>GRAND TOTAL</b>			<b>66.7</b>	<b>1.0</b>	<b>11.2</b>	<b>2.2</b>	<b>24.1</b>	<b>61.7</b>	<b>1.0</b>	<b>11.2</b>	<b>1.99</b>	<b>22.3</b>

**Note:**

\* Rounding errors may occur. The net attributable to Sumatra amounts to 92.5% of the gross Mineral Resource. The cut-off grade for Tembang is 0.50 g/t gold for the vein mineralisation and 0.35 g/t gold for the halo mineralisation. The cut-off grade for Tambang Sawah and Donok are 0.35 g/t gold. The Tembang Mineral Resource was estimated by Mr Matthew Nimmo MAusIMM of Snowden Mining Industry Consultants (Mr David Stock MAusIMM who is a Geological Consultant to Sumatra provided the geological interpretation and QA/QC validation). The Donok and Tambang Sawah Mineral Resources were estimated by Mr David Stock. Both Mr Nimmo and Mr Stock are Competent Persons as defined by the Australasian Code for the reporting of Exploration Results, Mineral Resources and Ore Reserves (the JORC Code 2004 Edition) and consent to the inclusion in this report on the matters based on their information in the form and context in which they appear.

Based on historical data acquired by the Company, studies and drilling carried out by the Company, it is apparent that potential remains at each of the previously mined deposits. The Tembang project and the Lebong project are considered as advanced exploration and survey projects respectively, with good potential for re-development after completion of the relevant feasibility studies. Of the resources tabulated above, Tembang was independently estimated by Snowden Mining Industry Consultants as part of a Pre-Feasibility Study that was concluded in May 2009.

The Company's four projects' exploration potential is summarised in each of the sections below. The magnitude of the targets at Tandai and Lebong reflects the interplay of proximity to old mines, and the historic high cut-off grades resulting in considerable potential remaining in these geologic systems.

**(a) Tembang Project**

Tembang is an abandoned mine with a recent exploration history dating back to the 1980s, with production under the previous operator from late 1997 to March 2000 ceasing due to a declining gold price. The Company holds various rights to an area of about 800 km<sup>2</sup> over and around the old mine site which is host to known partially explored epithermal gold-silver and copper-gold porphyry systems, reflecting extensions of the historically important goldfields of Bengkulu.

Tembang is a large low-sulphidation epithermal deposit comprising gold-silver bearing quartz sulphide veins hosted by Tertiary volcanics. Two vein styles are present; a relatively wide and continuous vein set surrounded by irregular narrower veins that occur in both the footwall and hanging-wall providing a 'halo' of mineralisation peripheral to the main veins.

The historic mine commenced production under a previous operator in late 1997 and ceased production in March 2000 due to a declining gold price. The prior operator mined only the main veins and discarded the lower grade halo mineralisation.

As detailed above, a JORC compliant Mineral Resource estimate statement, reporting approximately 53.7 million tonnes at 1.0 g/t gold and 11.5 g/t silver for a total of 1.64 million ounces of gold and 19.8 million ounces of silver, including a higher grade zone of vein material of 12.0 million tonnes at 1.9 g/t gold and 28.6 g/t silver, has been estimated at the project. Additionally a Pre-Feasibility Study has been conducted by Snowden Mining Industry Consultants ('Snowden') which encouraged the Company's belief that the beneficiation of the halo mineralisation is conceptually feasible and economies of scale will result from larger processing rates.

During the quarter, activity at Tembang has focused on a review of drill sites to test down-dip extensions of the main veins which comprise the Measured and Indicated Resources within pit shells modelled by Snowden during their Pre-Feasibility Study. In addition, the 3D Datamine geological and alteration model continues to be updated, and this will assist in the future definition of new near mine drill targets.

The Company is currently in discussion with contractors to promptly secure a suitable dual purpose drill rig. The majority of new holes are expected to initially comprise reverse circulation, with a switch to diamond coring through the ore zone.

## **(b) Sontang Project**

The Company's rights to hold mining authorisations over 6,050 km<sup>2</sup> were acquired not only for the existing epithermal gold/silver potential but also for the potential to find porphyry systems (analogous to the Philippines) that historical exploration had overlooked due to the focus on gold-silver. Sontang is held within an Exploration IUP, which is valid for six years, and comprises one of the first exploration licences to be granted under the New Minerals Law.

Sontang comprises the virgin discovery of a polymetallic manto. Hydrothermal alteration and mineralisation is dispersed over an area extending approximately 1.5 kilometres along strike.

Elevated values of gold, silver and base metals (zinc, lead and copper) were frequently encountered during rock chip sampling with maximum values of 24.5 g/t gold, 1,000 g/t silver, 12.2% lead and 30.8% zinc. Several styles of mineralisation and alteration have been identified with a zonation suggestive of a temperature gradient increasing north-westwards where an intrusive source is interpreted.

The manto is hosted by a calcareous sequence which occurs throughout the mineralised areas. Most significant mineralisation identified so far comprises massive sulphides interpreted to represent manto-style mineralisation.

Geological mapping indicates several receptive stratigraphic horizons to be mineralised with true thickness of up to 5 metres of massive sulphides. Fieldwork indicates the manto to be best-developed at the south-eastern end, and systematic detailed work has commenced in this East Sontang area.

The weighted-average for metal content received from 54.8 meters of sawn rock-channel samples is 2.87 g/t gold, 118 g/t silver, 0.57% lead and 5.66% zinc.

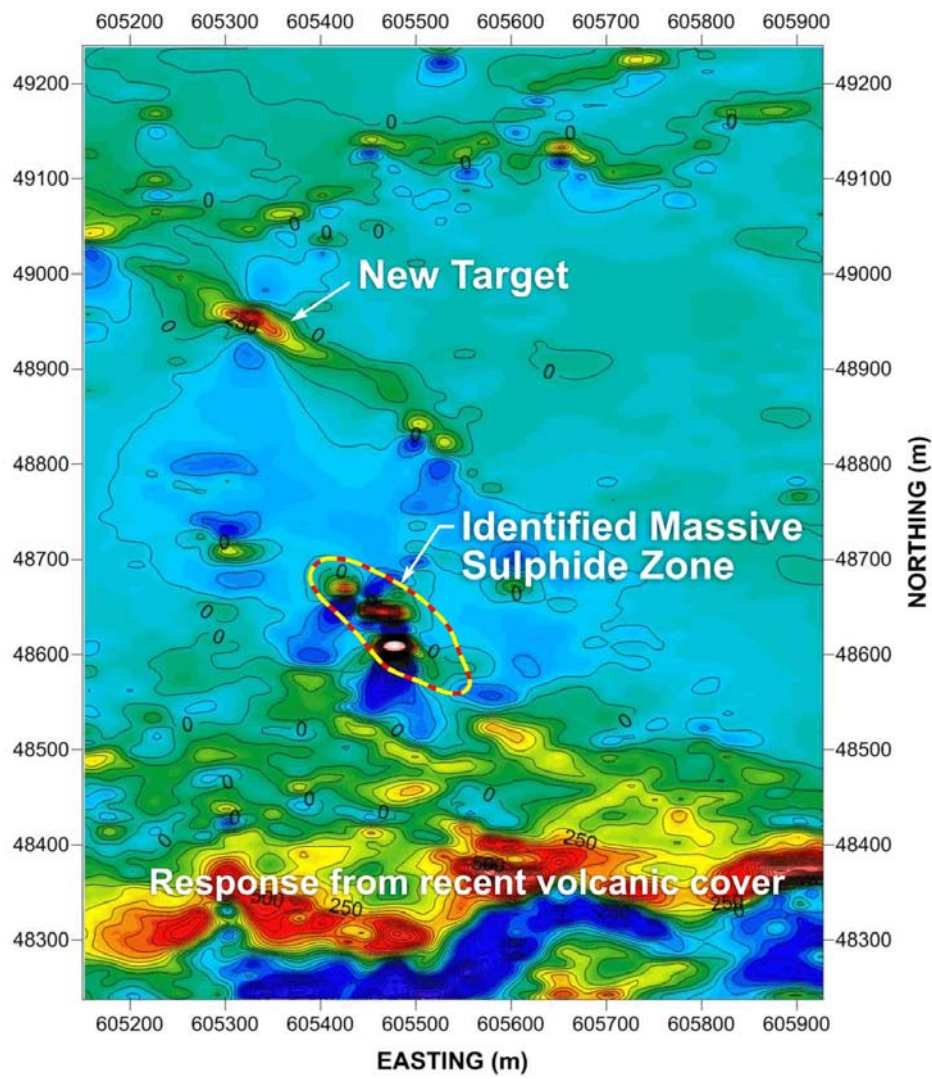
Progress at the Sontang discovery now defines a reconnaissance drainage anomaly extending across 50 km<sup>2</sup>. Follow up sampling will define the sources causing the drainages to be anomalous and exploration will subsequently focus within a smaller area. Manto massive sulfides represent a drill target within the East Area to this extensive drainage anomaly. Massive base metal sulfides have also been discovered in the Central Area but have yet to be mapped and sampled.

The mantos are intrusive related, and an altered pyritic example has recently been identified on the property. Ridge and spur soil sampling in the headwaters to a creek draining this intrusive defines more than 400 metres of anomalous values with maxima of 0.28% lead, 0.16% arsenic and 0.11% zinc. This ridge is more than one kilometre from the East Sontang massive sulfides. The soil anomaly has not been closed off, and rock chip sampling has yielded results of up to 1.17 g/t gold, 1,230 g/t silver, 10.3% lead and 0.08% zinc from quartz veined subcrop within the area of anomalous soils.

Further mapping and sampling needs to be conducted before firm conclusions can be reached, however this new area would appear to host a style of mineralisation in addition to that of the mantos. Identifying additional drill targets requires systematic detailed work to be conducted over this and the other areas, and this will include geophysics. The recent receipt of processed ground magnetic data for the East Area of Sontang confirms a direct response from the pyrrhotite-bearing sulfides in the manto. In addition, there is a pronounced 400 metre long anomaly to the northeast which may also relate to mineralisation. The presence of massive and disseminated sulfides indicates electrical techniques need to be considered to see if they will accelerate the discovery process.

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### REDUCED TO POLE MAGNETIC ANOMALY MAP



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 GROUND MAGNETIC SURVEY  
 Sontang Prospect



Sontang hosts styles of mineralisation not seen elsewhere in the Company's tenements, and this probably reflects a greater depth of erosion, and which has exposed windows of the underlying pre-volcanic Sundaland basement. These windows are more extensive still in the area of the Company's Jambi SIPP. A review of data during finalisation of the boundary to an IUP to be granted under the new Minerals Law has identified gold-arsenic drainage anomalies that may directly relate to 'orogenic gold' mineralisation of the type currently being mined at Penjom in peninsular Malaysia.

### **(c) Tandai Project**

Tandai represents an under-explored historical mining district. During the colonial era, at least three Dutch companies were operating on adjacent lands. Tandai lies within the same 2,500 km<sup>2</sup> SIPP as Lebong, and the Company has commenced the process of transitioning the tenement into a separate exploration licence (IUP) under the New Mining Law.

Tandai is a high-grade, epithermal, intermediate-sulphidation system with gold-silver mineralisation hosted by a series of veins distributed over a vertical extent exceeding 500 metres. The deepest levels of the mine were still in production when abandoned during the Japanese invasion of WWII. Historic Dutch production totalled 1.4 million ounces of gold and 15 million ounces of silver at a grade of 15.4 g/t gold, and 167 g/t silver. During WWII the Japanese focused on recovering copper from the district. The mine was re-opened temporarily in 1986 and during 6 years of operations, a further 150,000 ounces of gold were produced.

Work at Tandai during the quarter revolved around locating and collating all the relevant technical data held in Holland not previously identified. A large volume of new data has already been identified, and of particular interest is historic data from the Glumbuk structure sub-parallel and immediately to the south of the high grade Tandai epithermal mineralisation and from which the majority of the 1.4 million ounces of gold and 15 million ounces of silver was produced.

Despite the long history of production a multi million ounce exploration target potential remains as work conducted by the Company demonstrates the Dutch to have exploited a modest portion of the large geologic system. The significance is that a report by CSA Global Pty Ltd on the exploration potential at Glumbuk to range from 1.9 to 3.9 million ounces of gold, and any high grade in this system is expected to remain largely undisturbed due to the limited extraction in this area.

### **(d) Lebong Project**

The Lebong Project, which includes two under-explored mines (Donok and Tembang Sawah), lies approximately sixty kilometres to the west of Tembang within a large Dutch mining district within the 2,500 km<sup>2</sup> Bengkulu SIPP.

The Company has conducted work on two of the former underground gold-silver mines within the district, Donok which produced 1.34 million ounces of gold and 7.4 million ounces of silver at a grade of 12.8 g/t gold, 70.5 g/t silver and Tambang Sawah eight kilometres to the north. The Company's objective is to identify and develop resources potentially amenable to open-pit mining in the vicinity of the old mines.

A search for further data on Lebong will be conducted with a focus on assay data for the deep breccias bodies. However due to an unresolved tenement boundary dispute involving an exploitation KP mining licence that was granted to a third party in an area overlapping with the Bengkulu SIPP area covering the Lebong project site the project will remain a low priority until the dispute is resolved.

#### 4. Competent Person

The information in this report that relates to Exploration Results or Mineral Resources is based on information compiled by Alan Flint, geologist, who is a Member of the Australasian Institute of Mining and Metallurgy. Alan Flint is a full-time employee of the Company who 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 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Alan Flint has consented to the inclusion in this report of the matters based on his information in the form and context in which they appear.

For further information, contact Warwick Morris or Peter Nightingale on (61 2) 9300 3377.

Yours sincerely



Warwick G. Morris  
Chairman

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