



18 August 2010

The Manager Companies
ASX Limited
20 Bridge Street
Sydney NSW 2000

(6 pages by email)

Dear Madam

RE: Definitive Agreements signed for Sumatra Copper & Gold and Newcrest Mining's collaboration in gold exploration in Sumatra, Indonesia

Further to the joint announcement dated 27 July 2010 of the signing of a non-binding Heads of Agreement, Sumatra Copper & Gold plc ('Sumatra') is pleased to announce that it has signed definitive Agreements involving an equity investment by Newcrest Mining Limited ('Newcrest') in Sumatra, an earn-in by Newcrest of 70% in one of Sumatra's projects and an option to acquire a 25% interest in another.

The Agreements involve Newcrest:

1. Subscribing for a 7.1% equity interest in Sumatra for A\$2.5 million comprising 10 million shares at A\$0.25 per share with 10 million attaching options, each exercisable to acquire one share for A\$0.38 over an 18 month period. If fully exercised, Newcrest's interest in Sumatra would increase to 13.2%.
2. Having the right to earning a 70% interest in Sumatra's Tandai Project by spending US\$12 million over 5 years, with a minimum commitment of US\$1.75 million over the first 18 months.
3. Providing a down-payment of US\$500,000 for an option to acquire a 25% interest in Sumatra's Tembang Project for US\$10 million, exercisable at any time until 31 March 2011.

The share subscription will take place by close of business on 19 August 2010. Sumatra has agreed to dedicate US\$2 million of the proceeds to the further exploration of the Tembang project and to this end Sumatra is commissioning immediately a further 10,000 metres of drilling to further test the high grade shoots at depth delineated by the 5,000 metre drilling program recently concluded. Under the terms of the subscription agreement Newcrest has non-dilutionary rights to participate in any future Sumatra capital raisings in order to maintain its percentage holding in Sumatra.

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The Tandai project earn-in will initially involve Newcrest investing US\$1.75 million in new shares in PT Bengkulu Utara Gold ('PT BUG') (the local PMA company allowing foreign shareholding holding the Tandai project exploration licence ('IUP') to give Newcrest a 70% stake. Newcrest may make further equity investments up to a total of US\$12 million maintaining the 70:30 ownership ratio. If Newcrest elects not to complete the full US\$12 million subscription Sumatra will have the right to buy back Newcrest's equity in PT BUG for a nominal consideration. The restructuring of the share capital of PT BUG will require the consent of the local Regent and the Indonesia Investment Co-ordinating Board ('BKPM').

For a consideration of US\$500,000, payable by close of business on 19 August 2010, Sumatra has granted Newcrest an option exercisable before 31 March 2011 to acquire a 25% interest in PT Dwinad Sejhatara ('Dwinad'), the local Indonesian company that holds the IUP covering the Tembang Project. The amount payable by Newcrest if it exercises its option is US\$9.5 million of which US\$4.5 million will be payable to Sumatra for sale of shares and US\$5 million invested in Dwinad's equity which will cover Sumatra's 75% share of future capital calls up to US\$5 million. The first step of re-registering Dwinad as a PMA company and the restructuring of its equity to give Sumatra a 100% interest per the restructuring agreed with its current equity owner, Sumatra's Indonesian partner Mr Adi Sjoekri, on 16 July 2010 will require both the Regent's and the BKPM's approval; as will the subsequent restructuring required if Newcrest exercises its option.

Tandai and Tembang are both gold and silver exploration projects centred on epithermal gold systems in large exploration and mining licences in central/south-west Sumatra. Tembang is a relatively advanced project with a JORC compliant Mineral Resource comprising 1.64 million ounces of gold and 19.8 million ounces of silver. The funding from the share placement will enable further testing for high grade gold ore shoots at depth. The funding from the earn-in agreement for Tandai will enable the level of exploration activity in this highly prospective tenement (from within which some 1.5 million ounces of gold were previously mined by underground methods) to be significantly expanded and accelerated.

Sumatra Chairman, Warwick Morris comments " The signing of the definitive agreements with Newcrest within the short time frame we set ourselves to complete them means that we can now up the tempo of the exploration efforts in two of our six tenements in Sumatra, with Newcrest as a shareholder and partner. I am sure this will prove to be a very fruitful association for both parties. "

Further information on the Tandai and Tembang projects are attached.

Yours faithfully

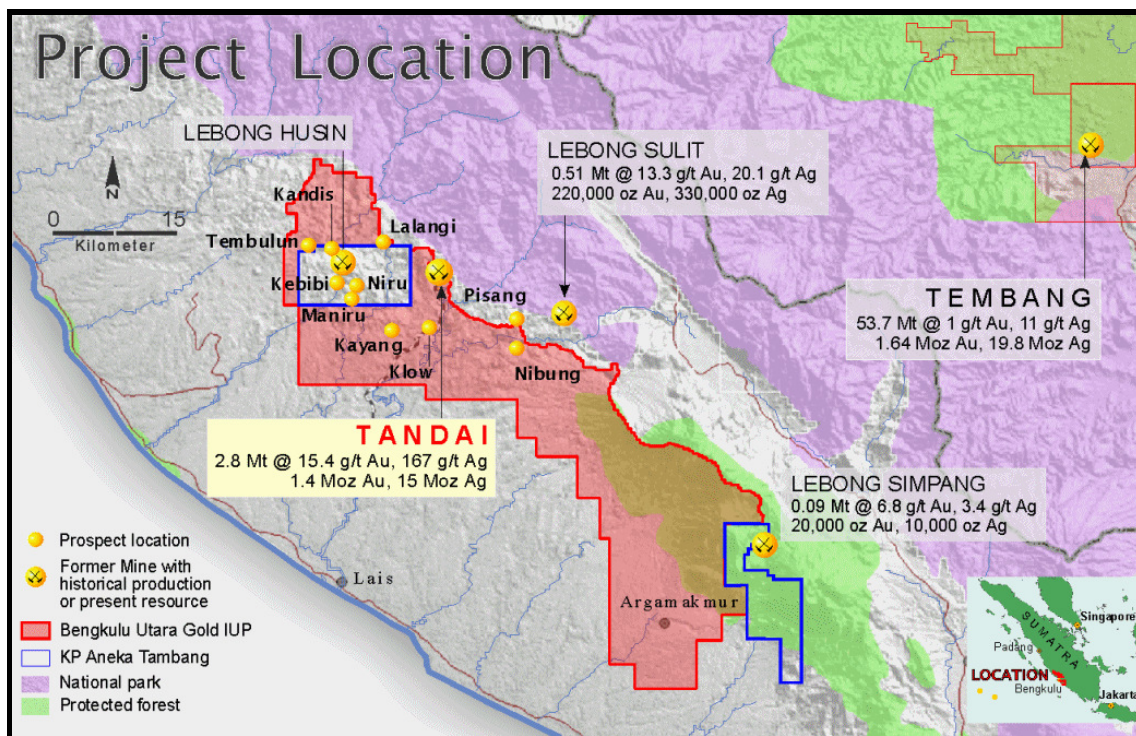


Warwick Morris
Chairman
pjn5500

THE TANDAI GOLD PROJECT

The Tandai Gold project refers to the exploration and mining licence ('IUP') held by Sumatra's 92.5% owned subsidiary PT Bengkulu Utara Gold ('PT BUG'). PT BUG is a PMA company in which foreign corporations may hold up to 100% of the equity. The IUP covers an area of 99,980 hectares in the regency of Bengkulu Utara in the province of Bengkulu, central Sumatra. Its principal prospect is Leborg Tandai, a former Dutch underground gold mine that has yielded 1.4 million ounces of gold at an average grade of 15.4 g/t Au and 167 g/t Ag, and its immediate surrounds. In a separate ASX release dated 16 July 2010 Sumatra announced that it was moving to 100% ownership of PT BUG and all of its other material Sumatran projects.

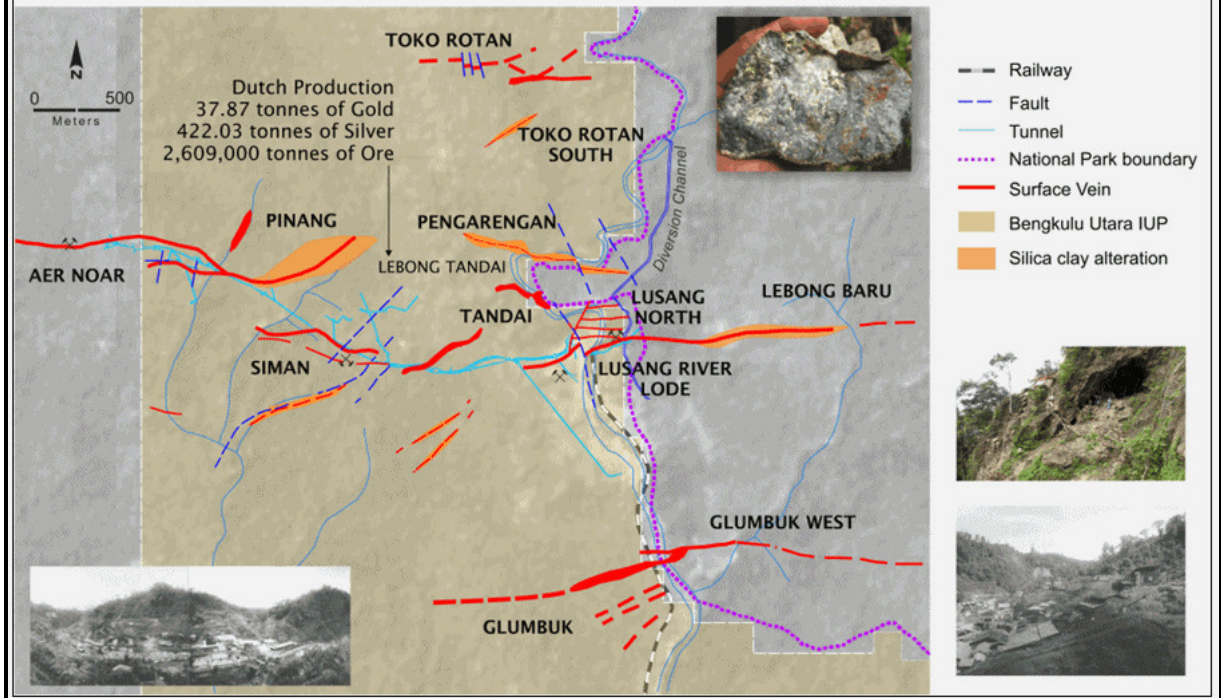
PT BUG encompasses the Tandai project which is located approximately 100 kilometres north of Bengkulu. The old Dutch mining town at Tandai still remains, and was re-furbished by PT Lusang Mining Ltd (in a joint venture with CSR, then Billiton) when the mine was first redeveloped and then re-opened between 1985 and 1995.



PT Bengkulu Utara IUP

Tandai is a high grade, epithermal intermediate sulphidation system, with gold-silver mineralisation hosted by a series of veins and breccias distributed over a vertical extent exceeding 500 metres and more than 5 kilometres of strike. The vein system has a long history of production and geological consultants CSA Global Pty Ltd independently estimated the presence of multi-million ounce exploration target potential. Sumatra's exploration confirms the presence of sub-parallel structures north (Toko Rotan) and south (Glumbuk) of the exploited central Tandai vein system. The structure that hosts the Main Tandai lode is also a target for further exploration based on Sumatra's exploration results and artisanal activity, both of which demonstrate that there are significant values at surface, representing up-dip continuations of the material stoped from underground.

Mining Areas and Mineralisation

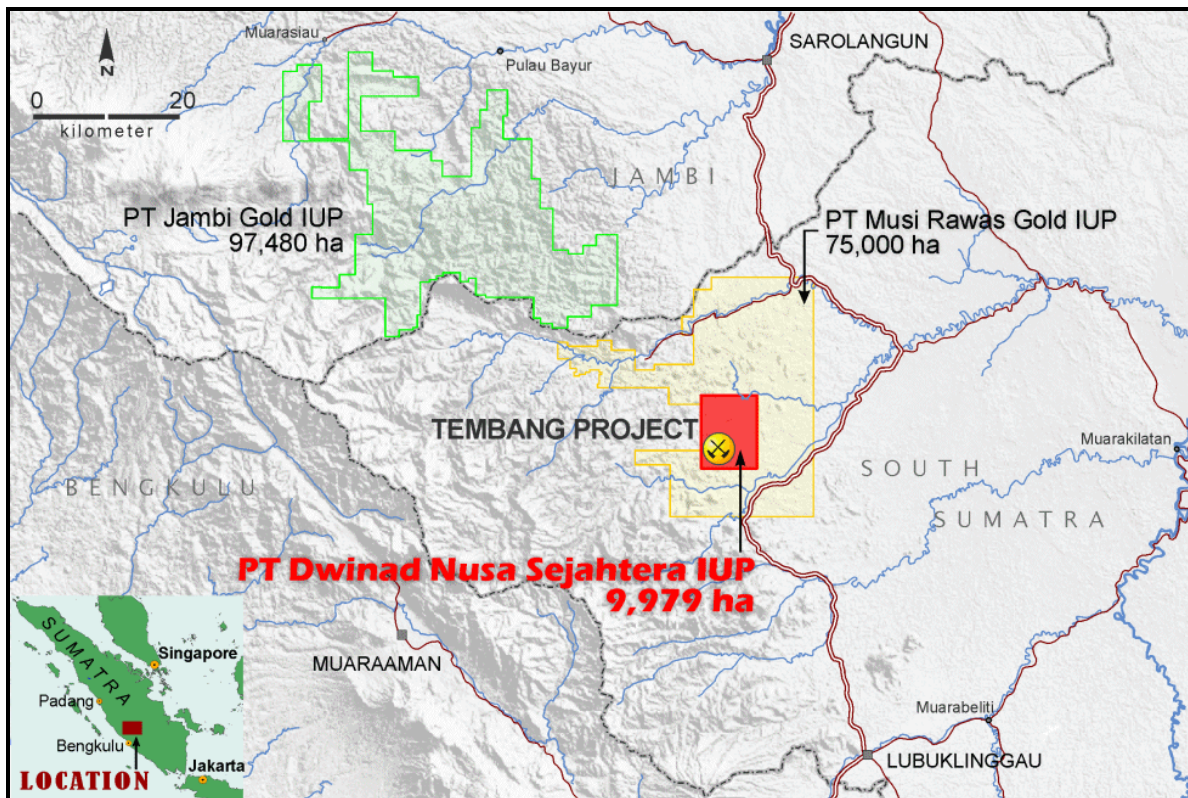


Tandai veins showing location of Glumbuk and Toko Rotan

Under the farm-in agreement with Newcrest, management of Tandai will remain with Sumatra during the minimum spend period of US\$1.75 million over the next 18 months. On completion of the minimum spend Newcrest may elect to assume management of the Tandai project.

THE TEMBANG GOLD PROJECT

The Tembang Gold Project refers to the IUP held by PT Dwinad Nusa Sejahtera ('Dwinad') where currently Sumatra has an economic interest of 92.5% through a Cooperation Agreement between Sumatra and Adi Sjoekri, his family and companies. By an agreement with Adi Sjoekri announced on 16 July 2010 Sumatra is acquiring a 100% of the equity of Dwinad. The Dwinad IUP covers a 9,979 hectare in the southwest region of Sumatra, Indonesia.

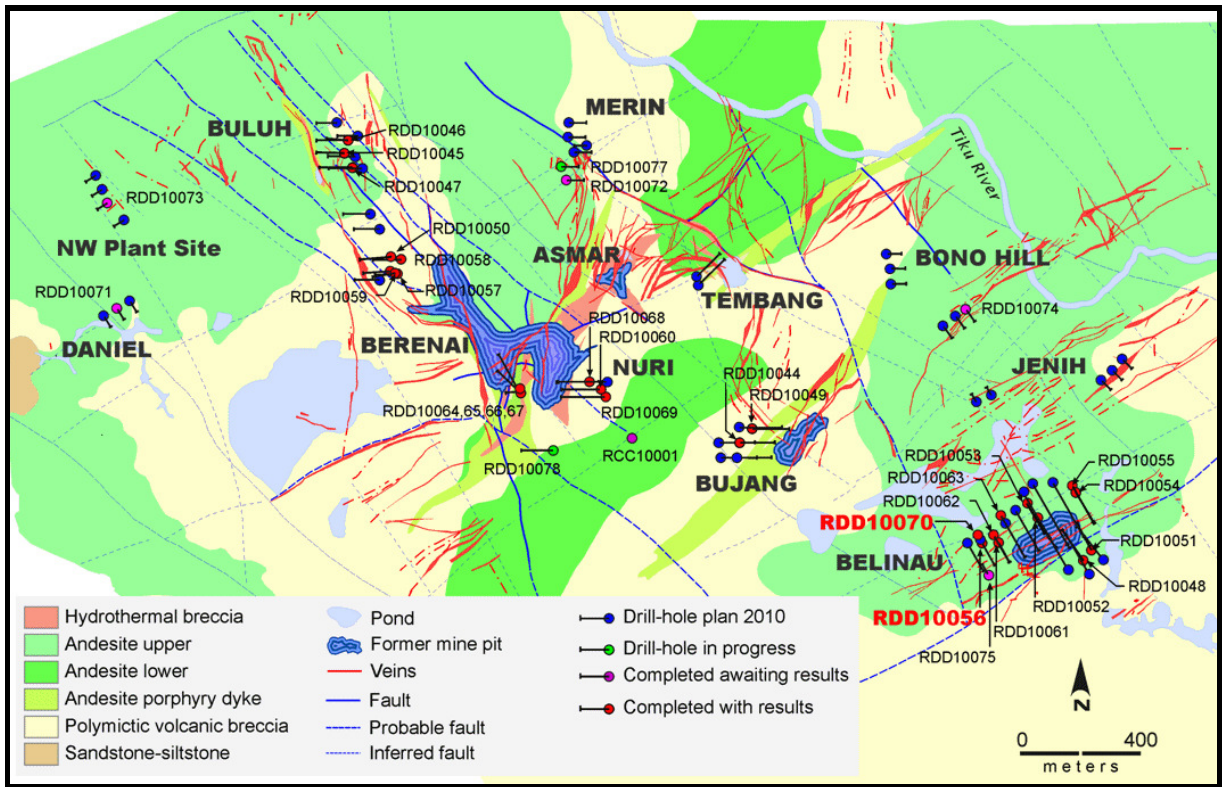


PT Dwinad Nusa Sejahtera IUP

Tembang is a large intermediate-sulphidation epithermal deposit comprising gold-silver bearing quartz sulphide veins hosted by Tertiary volcanics. Two vein styles are present; a relatively wide and continuous 'main' 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. A JORC reported Mineral Resource totalling 1.64 million ounces of gold and 19.8 million ounces of silver has been estimated at this project as set out in the table below.

The A\$2.5 million received from Newcrest for its share placement in Sumatra will be predominantly dedicated to the follow-up 10,000 metre deep drilling program at Tembang that is planned following the excellent results from the drilling program there that has just concluded.

A 5000 metre drilling program designed to test the down dip extensions of the higher grade vein systems at Berenai, Buluh, Bujang, Nuri and Belinau has now been completed. This program has been highly successful in delineating two major mineralised shoots at both Belinau and Berenai. Numerous +15 g/t Au intercepts have been returned culminating in the recent highest grade intersection at Belinau to date of 1.95 metres @ 81.92 g/t Au and 208.1 g/t Ag. Sumatra is now in advanced planning for a further 10,000 metre program to explore and define these higher grade shoots underneath what appears to be a lower grade cap. These holes hold the promise to multiply the resource potential of Tembang several times.



Tembang Project – Plan showing geology, main ore locations and 2010 drill holes

Project	Type	Category	Gross					Net Attributable to SUM				
			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
		Sub-Total	12.0	1.9	28.6	0.73	11.0	11.1	1.9	28.6	0.68	10.2
	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
		Sub-Total	41.7	0.7	6.5	0.91	8.8	38.6	0.7	6.5	0.84	8.1
TOTAL			53.7	1.0	11.5	1.64	19.8	49.7	1.0	11.5	1.52	18.3

Notes: The cut-off grade for Tembang is 0.50 g/t Au for the vein mineralisation and 0.35 g/t Au for the halo mineralisation. The net attributable to Sumatra amounts to 92.5% of the gross Mineral Resource and rounding errors may occur.

Tembang Project – Breakdown of Mineral Resource

Other

The information in this report that relates to Exploration Results, Mineral Resources or Ore Reserves is based on information compiled by Matthew Farmer, geologist, who is a member of the Australian Institute of Mining and Metallurgy. Matthew Farmer is an employee of Sumatra 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 the Reporting of Exploration Results, Mineral Resources and Ore Reserves". Matthew Farmer has consented to the inclusion in this report of the matters based on his information in the form and context in which they appear.