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G-Resources Group Limited
國際資源集團有限公司*
(Incorporated in Bermuda with limited liability)
(Stock Code: 1051)

ANNOUNCEMENT

G-RESOURCES – MARTABE MINE QUARTERLY UPDATE, 2013 FULL YEAR OPERATING RESULTS AND PRELIMINARY GUIDANCE FOR 2014

Hong Kong, 22 January 2014

PRODUCTION HIGHLIGHTS

| | |
|---------------------------|---------|
| Gold Poured, oz | |
| Full Year | 281,477 |
| Q4 2013 | 72,500 |
| Q3 2013 | 75,132 |
| Cash Costs, \$/oz poured | |
| Full Year | 483 |
| Q4 2013 | 447 |
| Q3 2013 | 397 |
| Average Gold Price, \$/oz | |
| Full Year | 1,410 |
| Q4 2013 | 1,266 |
| Q3 2013 | 1,326 |

G-Resources Group Limited (HKSE: 1051 – “G-Resources” or the “Company”) is pleased to update the market with performance at G-Resources Martabe gold and silver mine in Indonesia in the fourth quarter of 2013 and for the full year 2013.

HIGHLIGHTS

Through the quarter, the mine and process plant continued to operate well with gold production again exceeding target and costs continuing to be lowered.

In the 12 months to 31 December 2013, the Martabe mine has produced 281,477 ounces of gold and over 1.5 million ounces of silver. Gold production has

exceeded the mine base operating plan of 250,000 ounces and also the revised guidance provided to the market in July 2013 of 280,000 ounces.

The key events and achievements during the quarter were:

- 72,500 ounces of gold poured, yielding a total of 281,477 ounces for the full year.
- 454,584 ounces of silver poured, yielding a total of 1,515,228 ounces for the full year.



- **Gold and silver revenue received from sales of \$93.0M for the quarter and \$429.0M for the full year.**
- **Site operating costs for the quarter were again under budget as management continued to seek operating improvements across all activities. Cash costs to gold under the North American Gold Institute Standard (“NAGIS”) were \$447/oz poured for the quarter and \$483/oz for the full year. All-in sustaining costs (“AISC”) under the World Gold Council (“WGC”) guidelines were \$757/oz sold for the quarter and \$799/oz for the full year.**

PRODUCTION STATISTICS

| | Q3 2013 | Q4 2013 | Full Year |
|------------------------|----------------|----------------|------------------|
| Tonnes Mined Ore | 1,167,000 | 1,046,000 | 3,999,000 |
| Tonnes Mined Waste | 1,540,000 | 1,539,000 | 7,381,000 |
| Tonnes Milled | 977,000 | 864,000 | 3,615,000 |
| Gold Head Grade, g/t | 2.79 | 3.01 | 2.76 |
| Silver Head Grade, g/t | 19.26 | 21.70 | 17.18 |
| Gold Recovery, % | 87.1 | 86.2 | 88.4 |
| Silver Recovery, % | 78.1 | 71.4 | 77.5 |
| Gold Poured, ounces | 75,132 | 72,500 | 281,477 |
| Silver Poured, ounces | 433,942 | 454,583 | 1,515,228 |

OPERATIONS

Safety performance in the quarter remained generally excellent; with a single lost time injury recorded bringing total lost time injuries for the year to two.

Mining operations at Purnama are proceeding according to plan with total ore and waste mined meeting the target for the quarter and the year. Grade control reconciliation with the mill head grade is good. The waste to ore strip ratio remained low at 1.47:1, and for the full year 1.85:1, reflecting the higher waste mining in the early part of the year as the Purnama pit was being opened up.



The process plant has continued to perform reasonably well with both gold and silver recovery rates better than anticipated. Mill throughput has continued to be a challenge and studies are underway to provide a secondary crushing facility which will improve overall mill throughput.

Gold poured for the year at over 280,000 ounces was more than 12% above nameplate. Silver poured at 1,515,228 ounces for the year, whilst below plan, continued to increase quarter on quarter through the year. Gold and silver recoveries are both better than plan.

Aerial view of process plant.





GOVERNMENT AND COMMUNITY RELATIONS

Community and Government Relations remain in good standing at year end.

2013 was a year of consolidation and demonstration to key local stakeholders of the present and potential long term benefits of the Martabe mine. Over 65% of the workforce is from the local community and with a multiplicity of community relations activities across a broad engagement spectrum, the importance and status of the mine to the local community is well appreciated.

Through the year all necessary permits from various government departments have been received, further demonstrating the commitment of the Indonesian Government to the development of responsible mining in the country.

One area of challenge is the receipt of grid power from PLN, the Indonesian power provider. The Province of North Sumatra has a current power deficit of over 300MW and therefore it has been difficult to secure grid power supply for the mine. Consultations and negotiations are ongoing.

Martabe mine contributing to Mount Sinabung Volcano disaster in North Sumatra.





COSTS, FINANCE AND CORPORATE

During the quarter, the world market prices of gold and silver remained relatively low in a range between \$1,195/oz and \$1,360/oz, and therefore continuing to impact revenue. This was compensated by the mine producing more ounces of gold than planned. The Company continued its focus on its Margin Improvement Programme (“MIP”) seeking to improve on ounces recovered and to reduce costs so as to increase the margin per ounce of gold produced. As a result of the cost savings initiatives, the AISC decreased from around \$1,000/oz at the start of the year to about \$750/oz by year end. For the full year the AISC, at less than \$800/oz, demonstrates Martabe’s position as one of the world’s leading gold mines.

As a further demonstration of the mine taking its place among leading global gold mines as well as the obvious de-risking of the project over the past 18 months, the negotiated insurance premium for the second year of operations has reduced by over 30%.

At year end, the Company had \$209M in cash and marketable securities, and had no outstanding debt. Financial data for the quarter and the year was as follows:

| | Q3 2013 | Q4 2013 | Full Year |
|----------------------------------|----------------|----------------|------------------|
| Gold sold ounces | 82,845 | 66,514 | 280,363 |
| Silver sold ounces | 453,614 | 427,830 | 1,464,079 |
| Gold sold average price, \$/oz | 1,326 | 1,266 | 1,410 |
| Silver sold average price, \$/oz | 21 | 21 | 23 |
| Receipts from sales, \$M | 119.5 | 93.0 | 429.0 |
| NAGIS cash cost, \$/oz poured | 397 | 447 | 483 |
| AISC cash cost, \$/oz sold | 668 | 757 | 799 |

As at 31 December 2013, there were 17,000 ounces of gold and 88,000 ounces of silver in bullion form, on site and in transit to sale in final refined form.

Operating costs at Martabe were below budget for the quarter at just under \$40M.

Capital spent through the year, including TSF costs, was \$71M. This was below the budget and guidance of \$80M.



A breakdown of the actual production and cost data for the full year and each quarter is provided in the following table.

| | | Q1 <i>(Note 1)</i> | Q2 | Q3 | Q4 | Full Year |
|--|--------|-----------------------|---------|---------|---------|-----------|
| Gold production | ounces | 63,633 | 70,212 | 75,132 | 72,500 | 281,477 |
| Gold sold | ounces | 67,897 | 63,107 | 82,845 | 66,514 | 280,363 |
| Gold average price | \$/oz | 1,636 | 1,431 | 1,326 | 1,266 | 1,410 |
| Silver production | ounces | 244,383 | 382,320 | 433,942 | 454,583 | 1,515,228 |
| Silver sold | ounces | 227,402 | 355,233 | 453,614 | 427,830 | 1,464,079 |
| Silver average price | \$/oz | 30 | 23 | 21 | 21 | 23 |
| | | | | | | |
| Total site cash costs | \$M | 43.8 | 42.96 | 38.10 | 39.89 | 164.75 |
| Silver by-product <i>(Note 2)</i> | \$M | -5.86 | -7.19 | -8.28 | -7.44 | -28.77 |
| Site cash costs after silver credits | \$M | 37.94 | 35.77 | 29.82 | 32.45 | 135.98 |
| | | | | | | |
| Other sustaining costs <i>(Note 3)</i> | \$M | 27.16 | 17.59 | 25.51 | 17.90 | 88.16 |
| Total all-in sustaining | \$M | 65.1 | 53.36 | 55.33 | 50.35 | 224.14 |
| Receipts from bullion sale | \$M | 117.9 | 98.6 | 119.5 | 93.0 | 429.0 |
| | | | | | | |
| NAGIS | \$/oz | 596 | 510 | 397 | 447 | 483 |
| WGC - all-in sustaining | \$/oz | 959 | 846 | 668 | 757 | 799 |

Notes:

1. Quarters refer to calendar year 2013.
2. Includes royalty and refining costs.
3. Includes an allocation of corporate costs, near mine exploration, sustaining capital, project feasibility studies and environmental rehabilitation.



RESOURCES, RESERVES AND EXPLORATION

As advised in the last quarterly report, expenditure on exploration activities was ramped up in the last quarter after being slowed down for cost savings measures between April and September. The number of drill rigs in operation was increased from 2 to 5.

Activities in the fourth quarter focused on drilling under Purnama to develop the sulphide deposits as well as potential extensions to oxide resources at Barani, Tor Uluala, Purnama East and West and Uluala Hulu.

In the first half of 2013, G-Resources more than replaced the Reserves from the Purnama Deposit depleted during the first year of mine life. Substantial Resources remain outside Reserves, at all deposits, representing upside for further conversion of Resources to Reserves.

GUIDANCE FOR 2014

In 2014, the Company anticipates the Martabe mine will produce between 230,000 to 250,000 ounces of gold and approximately 2 million ounces of silver. The range is because mine planners are currently assessing alternative options for optimizing mining and processing activities whilst the low gold price scenario is sustained.

AISC, as calculated using the WGC Guidelines, are anticipated to be between \$750 and \$850 per ounce of gold sold. Site cash operating costs per ounce of gold sold as calculated using the WGC Adjusted Operating Cost guideline are anticipated to be between \$450 and \$550 per ounce. Exploration expenditures are expected to be approximately \$17M, whilst capital expenditure is estimated to be approximately \$65M - this includes some minor land acquisition costs, lifts for the tailings storage facility and installation of a secondary crushing facility to bring plant throughput capacity to around 5mtpa. The operations team will be maintaining its focus on seeking savings in both operating and capital costs wherever possible.



ABOUT MARTABE

The Martabe mine is located on the western side of the Indonesian island of Sumatra in the Province of North Sumatra, in the Batangtoru sub-district (Figure 1). Martabe is established under a sixth generation Contract of Work (“CoW”) signed in April 1997. The CoW defines all of the terms, conditions and obligations of both G-Resources and the Government of Indonesia for the life of the CoW.

Martabe Mine Aerial view.



Martabe, with a resource base of 8.2 million ounces of gold and 75.3 million ounces of silver, is G-Resources Group’s core starter asset. Martabe’s operating capacity is to mine and mill the equivalent of 4.5 mtpa ore to produce some 250,000 ounces gold and 2 million ounces silver per annum. Costs are competitive when compared to global gold producers.



G-Resources is seeking to organically grow gold production through continued exploration success on the large and highly prospective CoW area (Figure 2). The Martabe mine enjoys the strong support of the Indonesian Central, Provincial and Local Governments and the nearby communities of Batangtoru.

By Order of the Board
G-Resources Group Limited
Peter Geoffrey Albert
Chief Executive Officer

Hong Kong, 22 January 2014

(In this announcement, "\$" means "US\$")

As at the date of this announcement, the Board comprises:

- (i) Mr. Chiu Tao, Mr. Owen L Hegarty, Mr. Peter Geoffrey Albert, Mr. Ma Xiao, Mr. Wah Wang Kei, Jackie and Mr. Hui Richard Rui as executive directors of the Company; and*
- (ii) Mr. Or Ching Fai, Ms. Ma Yin Fan and Mr. Leung Hoi Ying as independent non-executive directors of the Company.*

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Figure 1: Martabe Mine Location.





Figure 2: Martabe Contract of Work.

