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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, FIRST QUARTER 2014 OPERATING RESULTS

Hong Kong, 22 April 2014

PRODUCTION HIGHLIGHTS

Gold Poured, ounces	
Q1 2014	64,802
Q4 2013	72,500
AISC Costs, \$/ounce sold	
Q1 2014	682
Q4 2013	757
Average Gold Price, \$/ounce	
Q1 2014	1,281
Q4 2013	1,266

G-Resources Group Limited (HKSE: 1051 – “G-Resources” or the “Company”) is pleased to update the market with operating performance at G-Resources Martabe gold and silver mine in Indonesia for the first quarter of 2014.

HIGHLIGHTS

Through the quarter, the mine and process plant continued to operate well with gold production on plan and costs continuing to be lowered. AISC of \$682/ounce for the quarter is a very pleasing result.

The key events and achievements during the quarter were:

- 64,802 ounces of gold poured which is equivalent to an annualized production of 259,000 ounces, currently exceeding guidance of 230,000 to 250,000 ounces.
- 515,617 ounces of silver poured which is equivalent to an annualized production of over 2 million ounces, meeting current guidance.
- Gold and silver revenue received from sales of \$89M.



- **Site operating costs for the quarter were again maintained at low levels as management continued to seek operating improvements across all activities. Cash costs to gold under the North American Gold Institute Standard (“NAGIS”) were \$474/ounce poured. All-in sustaining costs (“AISC”) under the World Gold Council (“WGC”) guidelines were \$682/ounce sold for the quarter, a \$75/ounce reduction on the previous quarter.**

PRODUCTION STATISTICS

	Q1 2014	Q4 2013
Tonnes Mined Ore	1,585,000	1,046,000
Tonnes Mined Waste	2,151,000	1,539,000
Tonnes Milled	894,000	864,000
Gold Head Grade, g/t	2.65	3.01
Silver Head Grade, g/t	25.52	21.70
Gold Recovery, %	82.8	86.2
Silver Recovery, %	69.2	71.4
Gold Poured, ounces	64,802	72,500
Silver Poured, ounces	515,617	454,583

OPERATIONS

Safety performance in the quarter remained generally excellent; with a single lost time injury recorded.

Mining operations of both waste and ore at Purnama significantly exceeded plan during the quarter as a consequence of unseasonably dry weather during February and March. Grade control reconciliation with the mill head grade is good. The waste to ore strip ratio, whilst low at 1.36, did exceed plan as mining took advantage of the dry weather to expedite waste removal and advance the continued lifting of the tailings storage facility (“TSF”). The construction of the TSF was at RL320 at the end of the quarter and this will provide an additional capacity of approximately 8.7 million m³ from the original core starter dam (which provided capacity for tailings storage up to the end of December 2013).



The process plant has continued to perform well with gold recovery slightly under plan and silver recovery slightly above plan. Mill throughput has become more consistent during the quarter operating at approximately 85% of design. Plans for the installation of a temporary secondary crusher to assist in increasing throughput are well advanced and should be installed by the third quarter.

Gold poured of 64,802 ounces was slightly over plan for the quarter with a calculated annualized production being well in excess of 250,000 ounces. Silver poured was on plan at over 500,000 ounces.

Aerial view of plant site.





GOVERNMENT AND COMMUNITY RELATIONS

Community and Government Relations remain in good standing during the quarter with the continued advancement of the Martabe long term Community Relations and Social Licence plan.

One area of challenge that remains is the provision of grid power from PLN, the state owned Indonesian power provider. Negotiations with PLN continue to reaffirm commitments to deliver power once the current shortage of supply is rectified – understood to be in the second half of 2014.

Community programme in local schools – “Martabe Goes to School”.





COSTS, FINANCE AND CORPORATE

During the quarter, the world market price of gold recovered to almost \$1,400/ounce but by the end of the quarter had fallen back to around \$1,300/ounce. The Company has factored in lower gold and silver prices to its internal financial modeling and prices received for sales were in excess of plan throughout the quarter.

The Company has continued its focus on the “Martabe Improvement Programme” (“MIP”) seeking to continually realise incremental improvements in operations across the whole business to deliver ever improving financial results. For the quarter, the AISC, at \$682/ounce, continues to demonstrate Martabe’s position as one of the world’s leading gold mines.

At the quarter end, the Company had \$273M in cash and marketable securities and had no outstanding debt. Financial data for this and the last quarter was as follows:

	Q1 2014	Q4 2013
Gold sold ounces	62,689	66,514
Silver sold ounces	450,592	427,830
Gold sold average price, \$/ounce	1,281	1,266
Silver sold average price, \$/ounce	20	21
Receipts from sales, \$M	89.3	93.0
NAGIS cash cost, \$/ounce poured	474	447
AISC cash cost, \$/ounce sold	682	757

As at 31 March 2014, there were 19,041 ounces of gold and 149,697 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 quarter, including TSF costs, was approximately \$14M, which is under budget but likely to be corrected through the balance of the year as committed programmes reach fruition.



A breakdown of the actual production and cost data for the last four quarters is provided in the following table:

		Q1 2014 <i>(Note 1)</i>	Q2 2013	Q3 2013	Q4 2013
Gold production	ounces	64,802	70,212	75,132	72,500
Gold sold	ounces	62,689	63,107	82,845	66,514
Gold average price	\$/ounce	1,281	1,431	1,326	1,266
Silver production	ounces	515,617	382,320	433,942	454,583
Silver sold	ounces	450,592	355,233	453,614	427,830
Silver average price	\$/ounce	20	23	21	21
Total site cash costs	\$M	38.60	42.96	38.10	39.89
Silver by-product <i>(Note 2)</i>	\$M	-7.89	-7.19	-8.28	-7.44
Site cash costs after silver credits	\$M	30.71	35.77	29.82	32.45
Other sustaining costs <i>(Note 3)</i>	\$M	12.04	17.59	25.51	17.90
Total all-in sustaining	\$M	42.75	53.36	55.33	50.35
Receipts from bullion sale	\$M	89.3	98.6	119.5	93.0
NAGIS	\$/ounce	474	510	397	447
WGC - all-in sustaining	\$/ounce	682	846	668	757

Notes:

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



EXPLORATION

Exploration activity continued with 5 to 7 drill rigs operating close to the Martabe operations. Activity continued to focus on Purnama sulphide potential at depth, and oxide potential at Purnama South and East and Barani South. These programs are continuing to be successful, and will be detailed in an upcoming Exploration Release.

Metallurgical samples have been collected from the Purnama sulphide drilling and shipped to a specialist laboratory in Australia. The program will be a detailed examination of metallurgical properties including flotation and refractory processing characteristics.

A program of deep drilling to further test for porphyry copper gold systems under the Martabe system is about to commence. Two holes are planned, each 1,200m deep. Previous drilling tested to approximately 750m vertically below surface, and proved that the Martabe epithermal alteration system continues to this depth. This new program will intersect target locations defined through analysis by external consultants and G-Resources geologists.

RESOURCES

A new resource was estimated in January to account for depletion in the second half of 2013.

The total G-Resources JORC Compliant Mineral Resources as at 31 December 2013 are estimated at 205.5 Mt at 1.2 g/t gold and 11 g/t silver, for total metal content of 8.1 Moz of gold and 73.8 Moz of silver. The Mineral Resources are provided in the table below.

Comparison with the previously stated Mineral Resources (30 June 2013), result in depletion due to mining and processing operations of approximately 0.2 Moz (-1.2%) of gold and 1.5 Moz (-1.9%) of silver.¹

¹ Rounding effect causes the reduction of gold to be expressed as 0.1 Moz in the total estimated Mineral Resource, and silver reduction remains at 1.5 Moz.



RESERVES

A new reserve was estimated in January 2014 to account for depletion in the second half of 2013.

The total G-Resources JORC Compliant Ore Reserves as at 31 December 2013 are 48.8 Mt at 1.9 g/t gold and 20.3 g/t silver for a total metal content of 3 Moz of gold and 31.9 Moz of silver. The new Ore Reserves are provided in the table below.

Comparison with the previously stated Ore Reserves (30 June 2013) shows:

- Depletion due to mining and processing operations of approximately 0.2 Moz (-6%) of gold and 1.5 Moz (-4.5%) of silver.
- Pit designs for Purnama, Barani South and Ramba Joring remain the same as June 2013 Ore Reserves.
- 0.8 Mt of Probable reserves associated with stockpiles are now reclassified as Proved, as a result of the confidence of mine to mill reconciliations to date.

Comparison with the estimated Ore Reserve before mining commenced (July 2012) shows:

- There is no net change in the Ore Reserve total contained gold ounces, while total contained silver ounces are reduced by 1.8 Moz.
- Because gold ounces were replaced there was effectively an additional year's mine life added to the Purnama Deposit in 2013.

Mine to Reserve reconciliations at Purnama have confirmed the integrity of the Mineral Resource and Ore Reserve Estimate models. Reconciliation for the period 30 June 2013 and 31 December 2013 shows a variance of +0.7% for contained gold and -1.1% for contained silver between mined ore and the Ore Reserve Model.



G-RESOURCES JORC COMPLIANT MINERAL RESOURCES AS AT 31 DECEMBER 2013

Deposit	Category	Tonnes (Mt)	Gold Grade (g/t Au)	Silver Grade (g/t Ag)	Contained Metal	
					Gold (Moz)	Silver (Moz)
Purnama	Measured	4.8	2.3	39	0.4	6.1
	Indicated	65.2	1.6	19	3.3	40.1
	Inferred	31.4	0.9	11	1.0	11.4
	Total	101.4	1.4	18	4.6	57.6
Mine Stockpiles	Measured	1.3	1.3	10	0.1	0.4
	Total	1.3	1.3	10	0.1	0.4
Ramba Joring	Measured	-	-	-	-	-
	Indicated	33.7	1.0	4	1.1	4.5
	Inferred	4.6	0.8	4	0.1	0.5
	Total	38.3	1.0	4	1.2	5.0
Barani	Measured	-	-	-	-	-
	Indicated	15.6	1.4	2	0.7	1.0
	Inferred	0.4	0.9	2	0.1	0.1
	Total	16.0	1.4	2	0.8	1.1
Tor Uluala	Measured	-	-	-	-	-
	Indicated	-	-	-	-	-
	Inferred	31.5	0.9	8	0.9	7.8
	Total	31.5	0.9	8	0.9	7.8
Horas	Measured	-	-	-	-	-
	Indicated	-	-	-	-	-
	Inferred	15.7	0.8	2	0.4	0.9
	Total	15.7	0.8	2	0.4	0.9
Uluala Hulu	Measured	-	-	-	-	-
	Indicated	0.8	2.3	31	0.1	0.8
	Inferred	0.5	1.5	12	0.03	0.2
	Total	1.3	2.0	24	0.1	1.0
Combined	Total	205.5	1.2	11	8.1	73.8

Mineral Resources are inclusive of Ore Reserves.



Note on Cut-off grade:

With the exception of Tor Uluala, all resources are reported using a cut off grade of 0.5 g/t gold. Tor Uluala is reported using a 0.5 g/t Au equivalent cut off grade, using the formula Gold equivalent = gold g/t + silver/60 g/t for each estimated resource model block.

Note on Mine depletion:

This resource statement accounts for depletion due to mining operations until 30th December 2013.

Competent Person Statement:

The information in the report to which this statement is attached that relates to Mineral Resources is based on information compiled by Mr. Shawn Crispin, a Competent Person who is a Member and Certified Professional of the Australasian Institute of Mining and Metallurgy . Mr. Crispin is a full time employee of G-Resources.

Mr. Crispin 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 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr. Crispin consents to the inclusion of the matters based on his information in the form and context in which it appears.

G-RESOURCES JORC COMPLIANT ORE RESERVES AS AT 31 DECEMBER 2013

Deposit	Reserve Category	Tonnes (Mt)	Gold Grade (g/t Au)	Silver Grade (g/t Ag)	Contained Metal	
					Gold (Koz)	Silver (Koz)
Purnama	Proved	4.2	2.5	42.2	300	5,700
	Probable	34.5	1.9	22.3	2,100	24,700
Barani	Probable	3.5	2.0	2.6	200	300
Ramba Joring	Probable	5.2	1.8	4.4	300	700
Stockpile	Proved	1.3	1.3	9.6	100	400
Subtotals	Proved	5.6	2.2	34.4	400	6,200
	Probable	43.2	1.9	18.5	2,600	25,700
Total Ore Reserves		48.8	1.9	20.3	3,000	31,900

Calculations are rounded to the nearest 100,000 tonnes; 0.1 g/t Au and Ag grade; 100,000 ounces Au and Ag metal. Errors of rounding may occur. Minor calculated differences between the June 2013 and December 2013 Reserve statements are due to rounding errors.

Ore Reserves are estimated using a gold price of USD1,433/ounce and silver price of USD26.90/ounce.

Competent Person's Statement – Open Pit Ore Reserves

The information in this report that relates to Open Pit Ore Reserves is based on information compiled by Quinton de Klerk of Cube Consulting, who is a Fellow of the Australasian Institute of Mining and Metallurgy. Mr. de Klerk has sufficient experience which is relevant to the activity which he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the Australasian Code of Reporting of Exploration Results, Mineral Resources and Ore Reserves. Mr. de Klerk consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.



GUIDANCE FOR 2014

The prior guidance for 2014 remains unchanged, i.e. the Martabe mine will produce between 230,000 to 250,000 ounces of gold and approximately 2 million ounces of silver.

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 5 mtpa.



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 8.1 million ounces of gold and 73.8 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 April 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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** For identification purpose only*



Figure 1: Martabe Mine Location.





Figure 2: Martabe Contract of Work.

