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

2014 INTERIM RESULTS ANNOUNCEMENT

Highlights

- **EBITDA was USD112.5 million (six months ended 31 December 2013: USD107.1 million)**
- **Net cash from operating activities was USD135.2 million (six months ended 31 December 2013: USD96.2 million)**
- **Cash balance and marketable securities were USD313.3 million (as at 31 December 2013: USD209.1 million)**
- **Revenue was USD191.4 million (six months ended 31 December 2013: USD212.5 million)**
- **Net profit was USD34.3 million (six months ended 31 December 2013: USD39.1 million)**
- **Production from the Martabe Mine was 134,937 ounces of gold and 1,046,535 ounces of silver (six months ended 31 December 2013: 147,632 ounces of gold and 888,525 ounces of silver)**
- **AISC (all-in sustaining costs) was USD695 per ounce sold (six months ended 31 December 2013: USD708 per ounce sold)**

CHAIRMAN'S STATEMENT

Dear Shareholders,

I am delighted to be able to report G-Resources Group Limited ("G-Resources" or the "Company") very successful operating and financial results for the six months from 1 January 2014 to 30 June 2014. Your company generated gold and silver sales revenue of

USD191 million for the period, an EBITDA of USD113 million and a Profit After Tax of USD34 million. And at the end of June, the Company had a very strong balance sheet with USD313 million being held in cash and liquid securities and no debt.

Production at the Martabe mine for this first 6 months was on plan and within market guidance for the full year of 250,000 ounces of gold and 2 million ounces of silver. Costs for the first six months are well within guidance at around an all-in sustaining costs (“AISC”) of USD700 per ounce of gold sold.

Full credit for this continued strong performance must go to our management and staff throughout the whole Company led by our CEO, Peter Albert. Your Board truly appreciates the effort contributed by our devoted teams in Indonesia to continue to meet and better operating and cost performance targets. We are also grateful for the strong support we receive from the authorities in Jakarta, in North Sumatra and from the communities nearby the Martabe mine.

The gold price environment so far in 2014 has remained volatile – but less so than the last six months of 2013. So far this year, the world gold price has averaged USD1,294/ounce. Whilst we are a low cost producer, we are still mindful of market volatilities and must continue to look to improve even further our competitive cost position. The Company has a number of projects and programs in train in order to achieve greater production efficiencies and better operating performance.

Another strength of the Company is its solid gold and silver resource and reserve position. We have continued to add potential, in and around the existing deposits and on the many exploration targets on our large Contract of Work.

The outlook for gold in the short term remains uninspiring and most analysts are forecasting “more of the same” for the balance of 2014 and beyond. The Company’s cost of producing an ounce of gold is very competitive compared to our global gold mining peers and significantly under the foreseeable gold price predicted by even the most conservative analysts. If in the longer term there is a positive turnaround in the gold market then the

Company will be well positioned to enjoy a more positive environment. Notwithstanding, we continue to have a long term positive and optimistic outlook for gold - anticipating that demand will continue to grow, especially from China and other developing markets, as standards of living and disposable incomes rise. And, on the supply side, there are just a few new mines; and moderate to large discoveries of new deposits are rare; the western Central banks of the world have ceased supplying gold to the market as their gold holdings have hit historically low levels; and indeed the developing country Central banks have gradually increased their gold holdings.

The G-Resources share price performance has been very much in line with gold producers world wide - a weak six months. This is disappointing for your Board and we want to assure shareholders we are doing everything possible to look at ways of enhancing value and achieving a better rating for the Company. The recent uncertainty around the Indonesian mining regulations has certainly had an impact on the market place perception of a Company with a single asset, undoubtedly helping to hold our share price back despite continued good operating performance. We are grateful for the continuing devoted support from our shareholders.

Finally, I want to thank my fellow Directors for their support and guidance during the first six months of this year.

G-Resources Group Limited

Chiu Tao

Chairman

Hong Kong, 29 August 2014

CEO'S REPORT

Dear Shareholders,

The first six months of 2014 to 30 June 2014 has been a time of consolidation, developing consistency and overall systems improvements as the Martabe Mine operations mature.

2013 was an extremely good first year of operations for the Company with outstanding production, costs and financial outcomes – all against a backdrop of a significant decrease in gold and silver prices from April 2013. For 2014, the Company set itself the goal of maintaining a competitive cost profile, delivering consistent financial performance whilst maintaining healthy production levels close to design of 250,000 ounces of gold and 2 million ounces of silver. In January 2014, the Company provided guidance to the market of 230,000 to 250,000 ounces gold production, 2 million ounces of silver at an AISC of USD750 to USD850 per ounce of gold sold. By the end of the first six months, the performance was meeting and bettering this guidance with 134,937 ounces of gold produced, over 1 million ounces of silver and an AISC of USD695 per ounce gold sold.

The process plant has continued to perform well in the first half of 2014 after an outstanding year in 2013. There remain two issues requiring resolution. The first is mill throughput rate and whilst incremental improvements have been made over the past year, the ore hardness has restricted the mill to operating between 70% and 110% capacity with an average of 81% for the first half of the year. In the third quarter of 2014, a temporary secondary crushing circuit will be introduced to reduce the feed size of part of the mill feed stream. Based on the results of this work over the second half of 2014, a permanent secondary crushing installation may be commissioned in 2015. The second issue is the provision of permanent grid power with the local power authority failing to deliver promised power due to a shortage of supply in North Sumatra – the Company is continuing to work with the authorities to secure grid power in the near future.

Government Relations at all three levels of Government remains very positive, with the issuance of a number of ongoing and regular licences all achieved. Likewise, Community Relations and the Social Licence continue to be in good standing with widespread support amongst the local community for the mine and recognition of the direct and indirect benefits that the Martabe operation is bringing to the community.

Earlier in the year, the Company received renewed forestry licences and environmental approvals enabling the continued exploration activities on the wider tenement area. Around the Martabe deposits, the exploration team, led by Chief Geologist Shawn Crispin and Senior Manager – Resources Development Janjan Hertrijana, continues to deliver exciting results which will lead to further Resource and Reserve extensions. Specifically Purnama continues to grow, Barani now has a 200 metre southerly extension and Uluala Hulu is yielding further promising intersections.

Financially, the Company continues to grow from strength to strength. After paying off all bank debt in 2013 and bringing all creditors into line with normal credit terms, through the good operational and cost performance, the Company has managed to continually enhance its financial position. In the first half of 2014, the cash in bank and marketable securities has increased from USD209 million to USD313 million.

I would like to thank all of our key stakeholders for supporting and contributing to the continued success at Martabe. Specifically the Government, the Community, the employees and contractors and the shareholders – without the support of all of these key stakeholders, Martabe could not be the successful operation that it is.

G-Resources Group Limited

Peter Geoffrey Albert

Chief Executive Officer

Hong Kong, 29 August 2014

GROUP RESULTS

The Board of Directors (the "Board") of G-Resources Group Limited (the "Company") is pleased to announce the unaudited consolidated results of the Company and its subsidiaries (the "Group") for the six months ended 30 June 2014, together with the comparative figures for the six months ended 31 December 2013.

Condensed Consolidated Statement of Profit or Loss

For the six months ended 30 June 2014

	NOTES	For the six months ended 30 June 2014 USD'000 (Unaudited)	31 December 2013 USD'000 (Audited)
Revenue	4	**191,433**	212,505
Cost of sales		**(134,248)**	(123,592)
Gross profit		**57,185**	88,913
Other income		**5,409**	937
Administrative expenses		**(17,180)**	(33,892)
Fair value changes of held for trading investments		**3,841**	(480)
Finance cost		**(854)**	(3,285)
Profit before taxation		**48,401**	52,193
Taxation	5	**(14,144)**	(13,088)
Profit for the period	6	**34,257**	39,105
Profit for the period attributable to:			
Owners of the Company		**33,475**	38,320
Non-controlling interests		**782**	785
		34,257	39,105
Earnings per share			
– Basic and diluted (US cent)	7	**0.13**	0.17

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 30 June 2014

	For the six months ended	
	30 June 2014 USD'000 (Unaudited)	31 December 2013 USD'000 (Audited)
Profit for the period	**34,257**	39,105
Other comprehensive income/(expenses):		
Items that will not be reclassified subsequently to profit or loss:		
Exchange differences arising on translation	**83**	310
	83	310
Items that may be reclassified subsequently to profit or loss:		
Fair value gain/(loss) on:		
Available-for-sale investments	**2,105**	343
Hedging instruments designated in cash flow hedges	**(694)**	-
	1,411	343
Other comprehensive income for the period	**1,494**	653
Total comprehensive income for the period	**35,751**	39,758
Total comprehensive income for the period attributable to:		
Owners of the Company	**35,004**	38,973
Non-controlling interests	**747**	785
	35,751	39,758

Condensed Consolidated Statement of Financial Position

At 30 June 2014

	NOTES	**30 June 2014 USD'000 (Unaudited)**	31 December 2013 USD'000 (Audited)
NON-CURRENT ASSETS			
Property, plant and equipment	*8*	**846,933**	885,575
Exploration and evaluation assets		**12,048**	11,340
Available-for-sale investments		**32,115**	7,081
Other receivable	*9*	**28,077**	19,703
Inventories		**8,695**	6,225
		927,868	929,924
CURRENT ASSETS			
Inventories		**47,573**	42,980
Other receivables	*9*	**13,318**	57,841
Held for trading investments		**5,262**	1,418
Available-for-sale investments		**8,130**	-
Pledged bank deposits		**44**	42
Bank balances and cash		**267,780**	200,575
		342,107	302,856
CURRENT LIABILITIES			
Trade and other payables	*10*	**25,054**	35,891
Derivative financial liabilities		**694**	-
Tax payable		**19,659**	21,691
		45,407	57,582
NET CURRENT ASSETS		**296,700**	245,274
TOTAL ASSETS LESS CURRENT LIABILITIES		**1,224,568**	1,175,198
NON-CURRENT LIABILITIES			
Other payables	*10*	**3,428**	2,805
Deferred tax liabilities		**33,147**	21,005
Provision for mine rehabilitation cost		**15,307**	14,453
		51,882	38,263
		1,172,686	1,136,935
CAPITAL AND RESERVES			
Share capital	*11*	**34,150**	34,150
Reserves		**1,117,903**	1,082,899
Equity attributable to owners of the Company		**1,152,053**	1,117,049
Non-controlling interests		**20,633**	19,886
TOTAL EQUITY		**1,172,686**	1,136,935

Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2014

	For the six months ended	
	30 June 2014 USD'000 (Unaudited)	31 December 2013 USD'000 (Audited)
OPERATING ACTIVITIES		
Profit before taxation	**48,401**	52,193
Adjustments for:		
Interest income	**(2,584)**	(937)
Amortisation and depreciation	**63,252**	51,580
Share-based payment expenses	**-**	520
Fair value changes of held for trading investments	**(3,841)**	480
Provision/(reversal of provision) for impairment of inventories	**2,346**	(723)
Finance cost	**854**	3,285
Operating cash flows before movements in working capital	**108,428**	106,398
Increase in inventories	**(4,377)**	(746)
Increase in other receivable (non-current portion)	**(8,374)**	(9,138)
Decrease in other receivables	**44,523**	11,248
Decrease in trade and other payables	**(985)**	(11,612)
Cash generated from operations	**139,215**	96,150
Income taxes paid	**(4,034)**	-
Net cash from Operating Activities	**135,181**	96,150
INVESTING ACTIVITIES		
Purchase of property, plant and equipment	**(38,845)**	(47,674)
Additions of exploration and evaluation assets	**(708)**	(1,289)
Purchase of available-for-sale investments	**(30,000)**	-
Interest received	**1,525**	937
Increase in pledged bank deposits	**(2)**	(42)
Net cash used in Investing Activities	**(68,030)**	(48,068)
FINANCING ACTIVITIES		
Finance cost paid	-	(1,164)
Net proceeds from issue of shares	-	152,250
Repayments of bank borrowings	-	(50,000)
Net cash from Financing Activities	-	101,086
Net increase in cash and cash equivalents	**67,151**	149,168
Cash and cash equivalents at beginning of the period	**200,575**	51,133
Effect of foreign exchange rate changes	**54**	274
Cash and cash equivalents at end of the period, represented by Bank Balances and Cash	**267,780**	200,575

1. Basis of Preparation

The condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") as well as with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

During the six months ended 31 December 2013, the reporting period end date of the Group was changed from 30 June to 31 December. Accordingly, the condensed consolidated financial statements for the current period cover the six-month period from 1 January 2014 to 30 June 2014. The corresponding comparative amounts shown for the condensed consolidated statement of profit or loss, condensed consolidated statement of profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows and related notes cover the six-month period from 1 July 2013 to 31 December 2013 and therefore may not be comparable with amounts shown for the current period.

The condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements for the six months ended 31 December 2013.

2. Principal Accounting Policies

The condensed consolidated financial statements have been prepared on the historical basis, except for certain financial instruments, which are measured at fair values.

The accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2014 are the same as those followed in the preparation of the Group's annual financial statements for the six months ended 31 December 2013.

In the current interim period, the Group has applied, for the first time, the following new interpretation and amendments to Hong Kong Financial Reporting Standards ("HKFRSs") issued by the HKICPA.

HKFRS 10, HKFRS 12 and HKAS 27 (Amendments)	*Investment Entities*
HKAS 32 (Amendments)	*Offsetting Financial Assets and Financial Liabilities*
HKAS 36 (Amendments)	*Recoverable Amount Disclosures for Non-Financial Assets*
HKAS 39 (Amendments)	*Novation of Derivatives and Continuation of Hedge Accounting*
HK(IFRIC) - Int 21	*Levies*

The application of the above new interpretation and amendments to HKFRSs in the current interim period has had no material effect on the amounts reported in these condensed consolidated financial statements and/or disclosures set out in these condensed consolidated financial statements.

3. Segment Information

Information reported to the executive directors of the Company, being the chief operating decision makers, for the purpose of resource allocation and assessment of segment performance focuses on the nature of their operations and types of products and services provided. Each of the Group's business segments represents a strategic business unit that offers products and services which are subject to risks and returns that are different from those of the other business segments.

Segment information reported externally was analysed on the basis of the following operating divisions, namely:

- Mining business; and
- Securities trading.

(a) Segment revenue and results

An analysis of the Group's revenue and results by operating segment is as follows:

For the six months ended 30 June 2014 (Unaudited)

	Securities trading USD'000	Mining business USD'000	Total USD'000
Segment revenue	**-**	**191,433**	**191,433**
Segment results	**5,591**	**45,409**	**51,000**
Unallocated corporate expenses			**(2,808)**
Unallocated income			**209**
Profit before taxation			**48,401**

For the six months ended 31 December 2013 (Audited)

	Securities trading USD'000	Mining business USD'000	Total USD'000
Segment revenue	-	212,505	212,505
Segment results	111	56,310	56,421
Unallocated corporate expenses			(4,314)
Unallocated income			86
Profit before taxation			52,193

(b) Segment assets and liabilities

An analysis of the Group's assets and liabilities by operating segment is as follows:

At 30 June 2014 (Unaudited)

	Securities trading USD'000	Mining business USD'000	Total USD'000
ASSETS			
Segment assets	**97,286**	**1,172,328**	**1,269,614**
Unallocated corporate assets			**361**
Total assets			**1,269,975**
LIABILITIES			
Segment liabilities	**4**	**96,737**	**96,741**
Unallocated corporate liabilities			**548**
Total liabilities			**97,289**

At 31 December 2013 (Audited)

	Securities trading USD'000	Mining business USD'000	Total USD'000
ASSETS			
Segment assets	48,606	1,183,684	1,232,290
Unallocated corporate assets			490
Total assets			1,232,780
LIABILITIES			
Segment liabilities	2	90,995	90,997
Unallocated corporate liabilities			4,848
Total liabilities			95,845

4. Revenue

Revenue represents revenue arising on sale of gold and silver for the period.

	For the six months ended	
	30 June 2014 USD'000 (Unaudited)	31 December 2013 USD'000 (Audited)
Gold	**174,135**	194,041
Silver	**17,298**	18,464
	191,433	212,505

5. Taxation

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profits for both periods. Taxation arising in other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

Under the relevant tax law, the corporate income tax rate of the Indonesian subsidiary is 25%.

No provision for Hong Kong Profits Tax or taxation in other jurisdictions besides Indonesia has been made in the condensed consolidated financial statements for both periods as neither the Company nor any of its subsidiaries had any assessable profits or they had sufficient tax loss to cover assessable profits in the periods.

6. Profit for the Period

	For the six months ended	
	30 June 2014 USD'000 (Unaudited)	31 December 2013 USD'000 (Audited)
Profit for the period has been arrived at after charging/(crediting):		
Amortisation and depreciation of property, plant and equipment, included in		
– Cost of sales	**59,981**	48,028
– Administrative expenses	**3,271**	3,552
Royalties expense	**1,024**	1,146
Other taxes	**1,636**	2,924
Share-based payment expenses (included in administrative expenses)	**-**	520
Provision/(reversal of provision) for impairment of inventories	**2,346**	(723)
Exchange (gain)/loss, net	**(2,796)**	10,713
Interest income	**(2,584)**	(937)

7. Earnings Per Share

The calculation of the basic and diluted earnings per share attributable to owners of the Company is based on the following data:

	For the six months ended	
	30 June 2014 USD'000 (Unaudited)	31 December 2013 USD'000 (Audited)
Profit for the period attributable to owners of the Company, for the purposes of basic and diluted earnings per share	**33,475**	38,320

	Number of shares	
	30 June 2014	31 December 2013
Weighted average number of ordinary shares for the purposes of basic and diluted earnings per share	**26,490,076,130**	22,911,447,833

The computation of diluted earnings per share does not assume the exercise of the Group's outstanding share options as the exercise price of those options is higher than the average market price for shares for the six months ended 30 June 2014 and 31 December 2013.

8. Movement in Property, Plant and Equipment

During the period, the Group increased its property, plant and equipment by approximately USD29,616,000 (the six months ended 31 December 2013: USD39,829,000), of which USD9,467,000 (the six months ended 31 December 2013: USD5,404,000), USD20,140,000 (the six months ended 31 December 2013: USD34,422,000) and USD9,000 (the six months ended 31 December 2013: USD3,000) were attributable to additions of the mining properties, construction in progress for the construction of Martabe Project and furniture, fixtures and equipment respectively.

9. Other Receivables

	30 June 2014 USD'000 (Unaudited)	31 December 2013 USD'000 (Audited)
Other receivables, net of allowance (Note a)	**41,395**	77,544
Less: Other receivable classified as non-current assets (Note a)	**(28,077)**	(19,703)
Other receivables classified as current assets (Note c)	**13,318**	57,841

Notes:

(a) As at 30 June 2014, USD28,077,000 (31 December 2013: USD19,703,000) and nil (31 December 2013: USD44,377,000) of value added tax ("VAT") paid by an Indonesian subsidiary of the Group, were classified as other receivables non-current portion and current portion respectively based on their expected refund time span, in connection with its purchase of equipment and services from suppliers for the operation and construction of the mine site. As at 31 December 2013, USD44,377,000 was classified as current portion as the Indonesian subsidiary received the refund in March 2014.

(b) There are no trade receivables as at 30 June 2014 and 31 December 2013. The Group allows a credit period of less than a week for its trade customers.

(c) An amount of USD4,000,000 (31 December 2013: USD4,000,000), which is the consideration of capital injection into PT Agincourt Resources ("PTAR"), due from PT Artha Nugraha Agung ("PTANA") was included in other receivables. The balance will be settled by PTANA through reduction of its share of dividend declared by PTAR.

10. Trade and Other Payables

	30 June 2014 USD'000 (Unaudited)	31 December 2013 USD'000 (Audited)
Trade payables (Note a)	**3,362**	3,423
Other payables (Note b)	**25,120**	35,273
Trade and other payables	**28,482**	38,696
Less: Other payables classified as non-current liabilities	**(3,428)**	(2,805)
Trade and other payables classified as current liabilities	**25,054**	35,891

Notes:

(a) The following is an analysis of trade payables by age, presented based on the invoice date.

	30 June 2014 USD'000 (Unaudited)	31 December 2013 USD'000 (Audited)
0-60 days	**2,773**	3,268
61-90 days	**19**	97
> 90 days	**570**	58
	3,362	3,423

(b) Included in other payables are USD22,161,000 and USD2,409,000 (31 December 2013: USD21,783,000 and USD11,638,000) relating to payables by an Indonesian subsidiary of the Group for the operation of the Martabe Gold Mine and to its consultants and contractors in connection with the construction of the Martabe Gold Mine, respectively.

11. Share Capital

	Number of shares	Value USD'000
Authorised:		
Ordinary shares of HKD0.01 each		
At 1 July 2013 (Audited), 31 December 2013 (Audited) and 30 June 2014 (Unaudited)	**60,000,000,000**	76,923
Issued and fully paid:		
Ordinary shares of HKD0.01 each		
At 1 July 2013 (Audited)	**18,921,482,950**	24,390
Issue of shares (Note a)	**7,568,593,180**	9,760
At 31 December 2013 (Audited) and 30 June 2014 (Unaudited)	**26,490,076,130**	34,150

Note*:*

(a) 7,568,593,180 shares of HKD0.01 each were issued through 7,568,593,180 rights shares at a subscription price of HKD0.16 per rights share on the basis of two rights shares for every five existing shares held. Details of the rights issue were set out in the Company's announcement dated 28 August 2013 and prospectus dated 11 September 2013.

All the shares issued by the Company during the six months ended 31 December 2013 rank pari passu with the then existing ordinary shares in all respects.

12. Capital Commitments

At the end of the reporting periods, the Group had the following capital commitments:

	At 30 June 2014 USD'000 (Unaudited)	At 31 December 2013 USD'000 (Audited)
Capital expenditure contracted for but not provided for in the condensed consolidated financial statements in respect of acquisition of property, plant and equipment	**2,331**	4,352
Capital expenditure authorised but not contracted for in respect of acquisition of property, plant and equipment	**38,090**	57,302

INTERIM DIVIDEND

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2014 (no interim dividend for 2013).

MANAGEMENT DISCUSSION AND ANALYSIS

Operational Review

Mining and Milling statistics are as follows:

	(Six Months) January to June 2014	**(Six Months) July to December 2013**	**(Twelve Months) Full year 2013**
Tonnes Mined Ore	2,948,000	2,213,000	3,999,000
Tonnes Mined Waste	4,252,000	3,079,000	7,381,000
Tonnes Milled	1,816,000	1,841,000	3,615,000
Gold Head Grade, g/t	2.76	2.89	2.76
Silver Head Grade, g/t	25.7	20.4	17.2
Gold Recovery, %	83.3	86.7	88.4
Silver Recovery, %	69.8	74.8	77.5
Gold Poured, ounces	134,937	147,632	281,477
Silver Poured, ounces	1,046,535	888,525	1,515,228

Mining and Processing

The mining team continues to perform well with total material mined of 7.2 million tonnes compared with the six months ended 31 December 2013 of 5.3 million tonnes. Ore mined was 2.9 million tonnes and 2.2 million tonnes for the same respective periods. At the end of June 2014, the Purnama Ridge height was lowered to RL405 in places, some 100 metres below the original height. Ore is delivered directly to the process plant and/or to long and short term stockpiles. At the run of mine ("ROM") stockpiles, ore is blended according to grade, ready for delivery to the process plant crusher.

Mining activities are predominantly focused on the Purnama open-pit and are proceeding according to plan. Grade control drilling continues to deliver results which are up to 10% better than the Reserve model.

The progress on raising of the tailing storage facility ("TSF") is ahead of schedule with RL320 achieved in January 2014 and the significant dry spell in the first quarter of 2014 enabling significant additional progress to be made. In June 2014, the Company received "approval-in-principle" from the Government for the design of the dam to its ultimate full height of RL360, enabling life-of-mine tailings storage capacity.

The process plant has continued to perform well with 1.82 million tonnes milled as compared to the six months ended 31 December 2013 of 1.84 million tonnes milled. Whilst incremental improvements have been made on the mill throughput rate over the past year, the ore hardness and feed size to the milling circuit have restricted the mill to operating between 70% and 110% capacity with an average of 81% for the first half of the year. In the third quarter of 2014, a temporary secondary crusher will be introduced to reduce the feed size of part of the mill feed stream. Based on the results of this work over the second half of 2014, a permanent secondary crushing installation may be commissioned in 2015.

Business Review and Results

Below is a summary of the financial information:

	For the six months ended	
	30 June 2014	31 December 2013
	USD'000	USD'000
Revenue	**191,433**	212,505
Cost of sales	**(134,248)**	(123,592)
Gross profit	**57,185**	88,913
EBITDA	**112,507**	107,058
Profit before taxation	**48,401**	52,193
Taxation	**(14,144)**	(13,088)
Profit for the period	**34,257**	39,105
Gold sold (ounces)	**135,665**	149,359
Silver sold (ounces)	**879,643**	881,444
Average gold price achieved (USD)	**1,284**	1,299
Average silver price achieved (USD)	**19.7**	21.0
Mine site production costs	**66,618**	65,292
Staff costs	**7,318**	7,102
Refining and bullion transportation costs	**1,677**	1,590
Inventory movement	**(1,346)**	1,580
	74,267	75,564
Depreciation	**59,981**	48,028
Total cost of sales	**134,248**	123,592
Royalties	**1,024**	1,146
Other taxes	**1,636**	2,924

For the six months ended 30 June 2014, the Group continued to build its financial position and it achieved a net profit after tax of USD34.3 million (the six months ended 31 December 2013: USD39.1 million).

Revenue generated for the six month ended 30 June 2014 was USD191.4 million from the sale of 135,665 ounces of gold and 879,643 ounces of silver at an average selling spot price of USD1,284 per ounce of gold and USD19.7 per ounce of silver. For the previous 6 months (the six months ended 31 December 2013), revenue was USD212.5 million from the sale of 149,359 ounces of gold and 881,444 ounces of silver at an average selling spot price of USD1,299 per ounce of gold and USD21.0 per ounce of silver.

The Group's gross profit margin was 29.9% with a gross profit of USD57.2 million as compared to the six months ended 31 December 2013, being 41.8% and USD88.9 million respectively. The gross profit margin decreased as compared to the previous 6 months mainly due to lower gold sales while tonnes milled remained at similar level. Gold production was lower as gold head grade and recovery were lower as compared to the previous 6 months. In addition, the cost of sales has increased by USD10.6 million to USD134.2 million as compared to the previous 6 months of USD123.6 million, as a result of an increase in the depreciation charge on the TSF.

The all-in sustaining costs ("AISC") for the six months ended of June 2014 was USD695 per ounce of gold sold resulting in a reduction of 1.8% from the previous six months ended 31 December 2013 of USD708 per ounce of gold sold.

	(Six Months) January – June 2014 USD	**(Six Months) July – December 2013** USD	**(Twelve Months) Full Year 2013** USD
AISC per ounce sold[1]	695	708	799

	30 June 2014	31 December 2013
FINANCIAL POSITION	**USD'000**	USD'000
Current Assets		
Bank balances and cash	**267,780**	200,575
Inventories	**47,573**	42,980
Others	**26,754**	59,301
Non-current Assets	**927,868**	929,924
Total Assets	**1,269,975**	1,232,780
Other Liabilities	**(97,289)**	(95,845)
Net Assets	**1,172,686**	1,136,935

[1] *AISC is a non-GAAP financial performance measures and is intended to provide additional information only. It does not have any standardized definitions under HKAS and HKFRS, it should not be considered in isolation or as a substitute for measures of performance prepared in accordance with HKAS and HKFRS. Although the World Gold Council has published a standardised definition, other companies may calculate these measures differently.*

Total assets were USD1,270.0 million (31 December 2013: USD1,232.8 million) an increase of USD37.2 million as the Group invested in both non-current and current assets. Non-current assets were USD927.9 million (31 December 2013: USD929.9 million) a decrease of USD2.0 million as the Group invested USD29.6 million in property, plant and equipment, USD33.4 million in other receivables and available-for-sale investments, these increases offset by amortisation and depreciation charge of USD68.3 million. Current assets were USD342.1 million (31 December 2013: USD302.9 million) an increase of USD39.2 million mainly due to an increase in cash of USD67.2 million, the reclassification of an available-for-sale investments of USD8.1 million with maturity in May 2015 from non-current assets to current assets, these increases offset by the decrease in value added tax ("VAT") receivable by USD44.4 million that was refunded during the current period.

Net Asset Value

As at 30 June 2014, the Group's total net assets amounted to USD1,172.7 million, representing an increase of USD35.8 million as compared to USD1,136.9 million as at 31 December 2013. The increase in net assets was mainly due to the profit for the period of USD34.3 million.

Cash Flow, Liquidity and Financial Resources

CASH FLOW SUMMARY	**For the six months ended**	
	30 June 2014	31 December 2013
	USD'000	USD'000
Net cash from Operating Activities	**135,181**	96,150
Net cash used in Investing Activities	**(68,030)**	(48,068)
Net cash from Financing Activities	**-**	101,086
Net increase in cash and cash equivalents	**67,151**	149,168
Cash and cash equivalents at the beginning of the period	**200,575**	51,133
Effect of foreign exchange rate changes	**54**	274
Cash and cash equivalents at the end of the period	**267,780**	200,575

The Group's cash balance at the end of June 2014 increased by USD67.2 million to USD267.8 million (31 December 2013: USD200.6 million). The Group generated net cash inflows from operating activities for the six months ended 30 June 2014 of USD135.2 million, mainly from the sale of gold and silver in the period and the receipt of a VAT refund of USD44.4 million. Cash used in investing activities was USD68.0 million as USD30 million was invested in available-for-sale investments, USD38.8 million for property, plant and equipment (which included USD5.9 million in near mine exploration and evaluation), USD0.7 million for regional exploration and USD1.5 million from interest received.

Material Acquisitions and Disposals of Subsidiaries and Associated Companies

There was no material acquisition or disposal of subsidiaries and associated companies during the period.

Exposure to Fluctuations in Exchange Rates and Related Hedge

The Group conducted most of its business in United States dollars ("USD"), Australian dollars ("AUD"), Indonesian Rupiah ("IDR") and Hong Kong dollars ("HKD"). The foreign currency exposure of HKD to USD is minimal as HKD is pegged to the USD. The Group has exposure to foreign currency risk that is denominated in AUD and IDR.

In 2014, the Group entered into foreign currency forward contracts to sell USD and purchase IDR at a fixed rate in the normal course of business in order to limit its exposure to adverse fluctuations in currency exchange rates. Management will continue to monitor the Group's foreign currency exposure and consider other hedging policies should the need arise.

Business outlook

At the beginning of 2014, the Company issued production guidance for calendar year 2014 in the range 230,000 to 250,000 ounces of gold and 2 million ounces of silver. AISC was estimated to be between USD750/ounce and USD850/ounce for the full year (refer to the announcement of the Company dated 22 January 2014). In July 2014, the Company advised the market (refer to the announcement of the Company dated 14 July 2014) that the Company will likely achieve the upper end of the guidance for gold production (i.e. 250,000 ounces of gold). Silver guidance at 2 million ounces was unchanged. AISC was revised downwards from "USD750 to USD850" to "USD700 and USD800" per ounce of gold sold. The above demonstrates the robustness and highly competitive position of the Group's Martabe Gold Mine against global peers.

The Group will closely monitor costs and changes in the operating environment. It will continue to focus on operational improvements in costs and production and optimise its resources to enhance and create value for shareholders.

The Group will continue its near mine and regional exploration programs at Martabe.

Human resources

As at 30 June 2014, the Group had 19 employees in Hong Kong, 742 employees in Indonesia and 1 employee in Australia. Employees are remunerated at a competitive level and are rewarded according to their performance. Our Group's remuneration packages include a medical scheme, group insurance, mandatory provident fund, performance bonus and options for our employees.

According to the new share option scheme adopted by the Company on 18 June 2014, share options may be granted to directors and eligible employees of the Group to subscribe for shares in the Company in accordance with the terms and conditions stipulated therein.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the six months ended 30 June 2014, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Company has adopted the principles and complied with the Corporate Governance Code and Corporate Governance Report (the "CG Code") as set out in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") for the six months ended 30 June 2014, except for the deviation as set out below:

Code provision A.4.1 stipulates that non-executive directors should be appointed for a specific term and subject to re-election. The existing independent non-executive directors do not have a specific term of appointment but are subject to retirement by rotation and re-election at the annual general meeting under the Bye-laws of the Company. As such, the Company considers that sufficient measures have been taken to ensure that the Company has good corporate governance practices.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") set out in Appendix 10 to the Listing Rules as its own code of conduct regarding directors' securities transactions. Enquiry has been made of all directors, and the directors have confirmed compliance with the required standard set out in the Model Code during the six months ended 30 June 2014.

AUDIT COMMITTEE

The Audit Committee, with terms of reference in compliance with the provisions set out in the CG Code, comprises three members who were all independent non-executive directors of the Company for the six months ended 30 June 2014. The Audit Committee has reviewed with the management the accounting principles and practices adopted by the Group and discussed the auditing, internal controls and financial reporting matters. The interim report for the six months ended 30 June 2014 has been reviewed by the Company's Audit Committee and the Company's auditors, Deloitte Touche Tohmatsu.

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

Hong Kong, 29 August 2014

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*