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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, 2014 FULL YEAR OPERATING RESULTS AND GUIDANCE FOR 2015

Hong Kong, 19 January 2015

PRODUCTION HIGHLIGHTS

Gold Poured, oz	
Full Year	275,515
Q4 2014	67,425
Q3 2014	73,153
Costs AISC, \$/oz sold	
Full Year	700
Q4 2014	728
Q3 2014	679
Average Gold Price, \$/oz	
Full Year	1,258
Q4 2014	1,192
Q3 2014	1,273

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 2014 and for the full year 2014.

HIGHLIGHTS

Through the quarter, the mine and process plant continued to operate well with gold production again exceeding target and costs being on target for the quarter.

In the 12 months to 31 December 2014, the Martabe mine has produced 275,515 ounces of gold and over 2.2 million ounces of silver. Gold production has exceeded the upper end of the revised guidance provided to the market in July 2014 of 250,000 ounces by approximately 10%.

The key events and achievements during the quarter were:

- 67,425 ounces of gold poured, yielding a total of 275,515 ounces for the full year.
- 589,397 ounces of silver poured, yielding a total of 2,238,076 ounces for the full year.



- **Gold and silver revenue received from sales of \$91.0M for the quarter and \$384.1M for the full year.**
- **Site operating costs for the quarter were again well controlled as management continued to seek operating improvements across all activities. All-in sustaining costs (“AISC”) under the World Gold Council (“WGC”) guidelines were \$728/ounce sold for the quarter and \$700/ounce for the year 2014. This is at the very bottom of the guidance of \$700/ounce to \$800/ounce sold as provided to the market in July 2014.**

PRODUCTION STATISTICS

	Q3 2014	Q4 2014	Full Year
Tonnes Mined Ore	1,168,000	1,041,000	5,157,000
Tonnes Mined Waste	2,208,000	1,784,000	8,244,000
Tonnes Milled	1,016,000	1,035,000	3,867,000
Gold Head Grade, g/t	2.65	2.39	2.63
Silver Head Grade, g/t	27.12	25.96	26.12
Gold Recovery, %	82.6	81.8	82.8
Silver Recovery, %	67.8	68.6	68.9
Gold Poured, ounces	73,153	67,425	275,515
Silver Poured, ounces	602,144	589,397	2,238,076

OPERATIONS

Safety performance in the quarter remained generally excellent, with a lost time injury recorded at the end of December bringing total lost time injuries for the year to three.

Total mine material movements of ore and waste were 13.4M tonnes for the year, exceeding plan by 17%. The waste to ore strip ratio at 1.6:1 was significantly higher than plan and this was primarily due to extended dry periods during the year enabling additional mining of waste material for accelerated tailings storage facility (“TSF”) construction.



The process plant has continued to perform well with gold recovery 1.8% over plan for the full year to date and silver 1.2% below plan. Mill throughput at over 1 million tonnes for the quarter has sustained the same levels as achieved in the third quarter, and whilst the nameplate capacity of 1.125 million tonnes per quarter has not yet been achieved for a full quarter, the process plant is operating at over 90% of design. The modifications made to the circuit to date have yielded positive results and further enhancements in 2015 are anticipated to bring the process plant closer to the nameplate throughput. The Feasibility Study for the potential installation of a secondary crusher will be completed in Q1 2015 with the Board likely to make a decision as to whether to proceed shortly thereafter.

Gold poured for the year at over 275,000 ounces was 10% above plan. Silver poured at over 2.2 million ounces for the year was 10% over guidance.

Aerial view of camp, administration, warehouse and logistics facilities with the northern end of the Purnama open pit mine in the right background.





GOVERNMENT AND COMMUNITY RELATIONS

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

Through the year all necessary permits from various government departments have been received, further demonstrating the commitment and support of the Indonesian Government to the Martabe operation and the recognised benefits it brings to the local communities close to Martabe and the regency of South Tapanuli.

The Company's social license has continued to be strengthened in 2014. Harmonious relationships with local stakeholders have been achieved through positive communication strategies and the successful implementation of community development programs in the key areas of health, education, local business development, infrastructure improvement and culture preservation. Some significant programs commenced in 2014 will be completed in early 2015 such as the building of a small hospital, a bridge over the Batangtoru River and a mosque. All CSR programs have been conducted in accordance with sustainable development principles, with active engagement of the local community as the beneficiaries and in synergy with related government agencies.

One area of continuing challenge is the receipt of contracted 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. In the meantime, power continues to be supplied from the Company's diesel power plant. Consultations and negotiations with PLN are ongoing.



Opening of two Martabe sponsored and built classrooms at local vocational college.



COSTS, FINANCE AND CORPORATE

During the quarter, the world market price of gold fluctuated between \$1,142/ounce and \$1,250/ounce with the Company achieving an average price for the quarter of \$1,192/ounce. The Company has factored in lower gold and silver prices to its internal financial modeling and prices received for sales for the full year at \$1,258/ounce were slightly greater than plan.

Martabe's cost position as measured by the WGC AISC at \$700/ounce for the year is extremely competitive when compared against world peers. This is as a result of strong project fundamentals and also the Company's focus on the "Martabe 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 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 30 months, the negotiated insurance premium for the third year of operations has reduced by over 25%.



At year end, the Company had \$361M in cash and marketable securities and had no outstanding debt. Financial data for this and last quarter and the year was as follows:

	Q3 2014	Q4 2014	Full Year
Gold sold ounces	69,086	69,054	273,805
Silver sold ounces	707,315	531,194	2,118,152
Gold sold average price, \$/oz	1,273	1,192	1,258
Silver sold average price, \$/oz	20	16	19
Receipts from sales, \$M	102	91	384
WGC adjusted operating cost, \$/oz sold	457	496	475
AISC, \$/oz sold	679	728	700

As at 31 December 2014, there were 18,087 ounces of gold and 197,646 ounces of silver in bullion form, on site and in transit to sale in final refined form.

Capital spent through the year, including TSF costs, but excluding regional exploration, was \$61M. This was below the budget and guidance of \$65M.



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	64,802	70,135	73,153	67,425	275,515
Gold sold	ounces	62,689	72,976	69,086	69,054	273,805
Gold average price	\$/oz	1,281	1,286	1,273	1,192	1,258
Silver production	ounces	515,617	530,918	602,144	589,397	2,238,076
Silver sold	ounces	450,592	429,051	707,315	531,194	2,118,152
Silver average price	\$/oz	20	19	20	16	19
Total site cash costs	\$M	38.60	40.22	45.81	41.31	165.94
Silver by-product <i>(Note 2)</i>	\$M	-7.89	-6.71	-12.22	-7.23	-34.05
Site cash costs after silver credits	\$M	30.71	33.51	33.59	34.08	131.89
Other sustaining costs <i>(Note 3)</i>	\$M	12.04	18.25	13.29	16.16	59.74
Total all-in sustaining	\$M	42.75	51.76	46.88	50.24	191.63
Receipts from bullion sale	\$M	89.3	102.1	101.7	91.0	384.1
North American Gold Institute Standard ("NAGIS")	\$/ounce	474	478	459	505	479
WGC - all-in sustaining	\$/ounce	682	709	679	728	700

Notes:

1. Quarters refer to calendar year 2014.
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

Exploration activity continued with 5 drill rigs operating close to the Martabe operations. Activity continued to focus on near mine resource potential at Purnama, Barani South, Tor Uluala and Uluala Hulu.

An updated Resources and Reserves Statement will be released in February 2015.

GUIDANCE FOR 2015

In 2015, the Company anticipates the Martabe mine will produce 250,000 ounces of gold and approximately 2.2 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 \$500 and \$600 per ounce. Exploration expenditures are expected to be approximately \$15M, whilst capital expenditure is estimated to be approximately \$66M - this includes some minor land acquisition costs, lifts for the TSF 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 8.1 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, 19 January 2015

(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) Dr. Or Ching Fai, Ms. Ma Yin Fan and Mr. Leung Hoi Ying as independent non-executive directors of the Company.*

For media or investor enquiries please contact:

Hong Kong:

Mr. Richard Hui
T. +852 3610 6700

Ms. Joanna Ip
T. +852 3610 6700

Melbourne, Australia:

Mr. Owen Hegarty
T. +61 3 8644 1330

Mrs. Amy Kong
T. +61 3 8644 1330

** For identification purpose only*



Figure 1: Martabe Mine Location.





Figure 2: Martabe Contract of Work.

