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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 UPDATE FOR FIRST QUARTER 2015 AND REVISED GUIDANCE FOR FULL YEAR 2015

Hong Kong, 28 April 2015

PRODUCTION HIGHLIGHTS

Gold Poured, ounce	
Q1 2015	84,220
Q4 2014	67,425
Costs AISC, \$/ounce sold	
Q1 2015	471
Q4 2014	728
Average Gold Price, \$/ounce	
Q1 2015	1,218
Q4 2014	1,192

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 for the first quarter of 2015.

HIGHLIGHTS

The first quarter of 2015 was the best quarter the Martabe mine has achieved to date. The mine and process plant performed better than expectation with 1.063 million tonnes treated at almost 3 g/t gold head grade, yielding gold production of 84,220 ounces which on an annualized basis would be equivalent to 337,000 ounces gold. Silver produced was also a record at 657,364 ounces, equivalent to over 2.6 million ounces on an annualized basis.

As a consequence of the good production and also some additional short term cost saving measures put in place, the all-in sustaining costs (“AISC”) for the quarter at \$471/ounce sold are very low. As a consequence of this first quarter and as a result of a review of our production and costs forecast for the remainder of the year, the Company revises its full year 2015 guidance to 285,000 ounces of gold, 2.3 million ounces of silver with AISC forecast to be in the range \$600-\$700/ounce sold.



The key events and achievements during the quarter were:

- 84,220 ounces of gold poured.
- 657,364 ounces of silver poured.
- Gold and silver revenue received from sales of \$118M for the quarter.
- Site operating costs for the quarter were well under budget as a result of the continued focus on the Martabe Improvement Programme (“MIP”), as well as deliberate short term reductions in some areas. For example, exploration expenditure was minimal during the quarter as a result of the exploration team undertaking a complete review of the Martabe geological knowledge and future strategy.
- AISC under the World Gold Council (“WGC”) guidelines were \$471/ounce sold for the quarter.

PRODUCTION STATISTICS

	Q1 2015	Q4 2014
Tonnes Mined Ore	1,211,000	1,041,000
Tonnes Mined Waste	2,006,000	1,784,000
Tonnes Milled	1,063,000	1,035,000
Gold Head Grade, g/t	2.96	2.39
Silver Head Grade, g/t	27.79	25.96
Gold Recovery, %	83.7	81.8
Silver Recovery, %	66.5	68.6
Gold Poured, ounces	84,220	67,425
Silver Poured, ounces	657,364	589,397

OPERATIONS

Safety performance in the quarter remained generally good, with a single lost time injury recorded in January 2015.

Total mine material movements of ore and waste were 3.2M tonnes for the quarter, exceeding plan by 19%. The waste to ore strip ratio at 1.7:1 was significantly higher than plan and this was primarily due again to a drier quarter than anticipated enabling additional



mining of waste material for accelerated tailings storage facility (“TSF”) construction. The process plant has continued to perform well with gold recovery 0.7% over plan for the quarter and silver 1.1% above plan. Mill throughput at 1.06 million tonnes for the quarter has sustained and slightly bettered the same levels as achieved in the last two quarters. The mill throughput is slowly but surely moving closer to the nameplate throughput of 4.5 million tonnes per annum. The Feasibility Study for the potential installation of a secondary crusher has been completed and the Board is currently considering options, the results of which are anticipated to be announced to the market in the next quarterly statement.

Aerial view of camp, administration, warehouse and logistics facilities.





GOVERNMENT AND COMMUNITY RELATIONS

Community and Government Relations remain in good standing.

Through the quarter, the team continued to address a number of ongoing permitting requirements, and all were satisfactorily achieved or advanced during the quarter.

The Company's social license is a key component of the company's business success strategy. Harmonious relationships with local stakeholders continue to be achieved through positive communication strategies and the successful implementation of community development programmes in the key areas of health, education, local business development, infrastructure improvement and culture preservation. The three signature projects commenced in 2014 are due for completion in Q2 2015, being the building of a small hospital, a bridge over the Batangtoru River and a large mosque. All corporate social responsibility ("CSR") programmes 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.

The Company is finalising its first stand-alone Sustainability Report which has been prepared according to the Global Reporting Initiative (4) guidelines. The Company will advise the market when this is available.

One area of continuing challenge is the receipt of contracted grid power from PLN, the Indonesian power provider. The Province of North Sumatra had a current power deficit of over 300MW, which the Company has been advised, has been significantly addressed in recent months, but nonetheless it has still 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 a Martabe sponsored and built classroom at local vocational college.



COSTS, FINANCE AND CORPORATE

During the quarter, the world market price of gold fluctuated between \$1,147/ounce and \$1,296/ounce, with the Company achieving an average price for the quarter of \$1,218/ounce. This is slightly under the Company's internal financial modeling, but the significantly greater ounces of gold and silver poured during the quarter has more than made up for any revenue shortfall due to prices.

Martabe's cost position as measured by the WGC AISC at \$471/ounce sold for the quarter is again extremely competitive when compared against world peers. This very good quarter will have a sustained positive impact on the balance of the year's performance. The good cost results are a result of strong project fundamentals, the Company's focus on the MIP seeking to improve on ounces recovered and to reduce costs so as to increase the margin per ounce of gold produced, and also some specific deferrals of expenditure in the quarter such as exploration as the geology group undertook a complete top to bottom review of the current knowledge base and considered the programme and strategy going forward.



At the quarter end, the Company had \$445M in cash, marketable securities and investments and had no outstanding debt. Financial data for this and last quarter was as follows:

	Q1 2015	Q4 2014
Gold sold ounces	87,346	69,054
Silver sold ounces	719,211	531,194
Gold sold average price, \$/ounce	1,218	1,192
Silver sold average price, \$/ounce	17	16
Receipts from sales, \$M	118	91
WGC adjusted operating cost, \$/ounce sold	344	496
AISC, \$/ounce sold	471	728

As at 31 March 2015, there were 14,707 ounces of gold and 132,331 ounces of silver in bullion form, on site and in transit to sale in final refined form.

Capital spent through the quarter, including TSF costs, but excluding regional exploration, was \$10.0M.



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

		Q1 2015	Q2 2014	Q3 2014	Q4 2014
Gold production	ounces	84,220	70,135	73,153	67,425
Gold sold	ounces	87,346	72,976	69,086	69,054
Gold average price	\$/ounce	1,218	1,286	1,273	1,192
Silver production	ounces	657,364	530,918	602,144	589,397
Silver sold	ounces	719,211	429,051	707,315	531,194
Silver average price	\$/ounce	17	19	20	16
Total site cash costs	\$M	40.17	40.22	45.81	41.31
Silver by-product <i>(Note 1)</i>	\$M	-10.11	-6.71	-12.22	-7.23
Site cash costs after silver credits	\$M	30.06	33.51	33.59	34.08
Other sustaining costs <i>(Note 2)</i>	\$M	11.1	18.25	13.29	16.16
Total all-in sustaining	\$M	41.16	51.76	46.88	50.24
Receipts from bullion sale	\$M	118.3	102.1	101.7	91.0
WGC Adjusted Operating Cost	\$/ounce	344	490	457	496
WGC - all-in sustaining	\$/ounce	471	709	679	728

Notes:

1. Includes royalty and refining costs.
2. Includes an allocation of corporate costs, near mine exploration, sustaining capital, project feasibility studies and environmental rehabilitation.



RESOURCES, RESERVES AND EXPLORATION

At the beginning of the quarter, the Company decided to temporarily suspend its regional and near mine exploration activities as it undertook a complete review of all information available with the purpose of ensuring a comprehensive and common understanding of the geology of the deposits and targets is understood by the full team – including consultants – and then to review and if necessary revise the approach and strategy going forward. The results were very encouraging, demonstrating a continued and growing knowledge base and capability and largely concluding that the current strategy with regards to Resource Development and Exploration is correct. One specific outcome of the review was to move the responsibility for additional ore Resource and Reserve generation at operating pits from the Exploration Group to the Mine Geology Group and it is noted that the Resource Development drilling programme at Purnama continued as normal through this period.

Since start up, the mine has experienced a positive gold grade reconciliation averaging 15%. It has been postulated that this is due to high grade contact zones which are unable to be identified in statistical modelling of the wider spaced Resource drilling. In the past 6 months the mine geology team has been undertaking a programme of advanced grade control drilling across all blocks planned to be mined in 2015, this has resulted in a confirmation that the 2015 grade forecast is 15% higher than previously indicated and this is the prime reason behind the revised guidance being provided in this quarterly report. The Company is not yet able to extrapolate this result to the rest of the ore body for Reserve statement purposes but it is intended that a drilling programme planned to be completed during the rest of 2015 should enable a revision to Reserve grades for Purnama.

An updated Resources and Reserves Statement for 31 December 2014 was released on 2 April 2015, see G-Resources website announcements for details.

REVISED GUIDANCE FOR 2015

In January 2015, the Company provided guidance to the market for the year of 250,000 ounces of gold, 2.2 million ounces of silver and an AISC of \$750-\$850/ounce sold.

As a consequence of the outstanding first quarter's production and a review of production, gold grades and costs going forward for the rest of the year, the Company now provides revised guidance of 285,000 ounces of gold, 2.3 million ounces of silver with AISC, as



calculated using the WGC Guidelines, anticipated to be between \$600 and \$700 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 \$400 and \$500 per ounce. Exploration expenditures are expected to be approximately \$16M, whilst capital expenditure is estimated to be approximately \$57M - this includes some minor land acquisition costs, lifts for the TSF and partial installation of a secondary crushing facility to bring plant throughput capacity to around 5 mtpa. 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 7.4 million ounces of gold and 70 million ounces of silver, is G-Resources Group's core 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, 28 April 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.*

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** For identification purpose only*



Figure 1: Martabe Mine Location.





Figure 2: Martabe Contract of Work.

