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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, SECOND QUARTER 2015 OPERATIONS RESULTS

Hong Kong, 14 July 2015

PRODUCTION HIGHLIGHTS

Gold Poured, ounce	
Q2 2015	72,096
Q1 2015	84,220
Costs AISC, \$/ounce sold	
Q2 2015	537
Q1 2015	471
Average Gold Price, \$/ounce	
Q2 2015	1,193
Q1 2015	1,218

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 second quarter of 2015.

HIGHLIGHTS

Martabe has achieved another good quarter after a record first quarter for 2015. The mine and process plant treated 993,000 tonnes of ore at 2.81 g/t head grade, yielding gold production of 72,096 ounces which on an annualized basis would be equivalent to over 288,000 ounces gold. Silver poured was 631,189 ounces, equivalent to over 2.5 million ounces on an annualized basis.

As a consequence of the good production and also continued focus on Martabe Improvement Programme (“MIP”), the All-In Sustaining Costs (“AISC”) for the second quarter were at \$537/ounce sold. After reviewing production and cost forecasts for the remainder of the year, and as a result of good performance in the second quarter, the Company maintains 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 of \$600-\$700/ounce sold.



The key events and achievements during the quarter were:

- **72,096 ounces of gold poured.**
- **631,189 ounces of silver poured.**
- **Gold and silver revenue received from sales of \$93M 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”).**
- **AISC under the World Gold Council (“WGC”) guidelines were \$537/ounce sold for the quarter.**

PRODUCTION STATISTICS

	Q2 2015	Q1 2015
Tonnes Mined Ore	991,000	1,211,000
Tonnes Mined Waste	2,269,000	2,006,000
Tonnes Milled	993,000	1,063,000
Gold Head Grade, g/t	2.81	2.96
Silver Head Grade, g/t	30.61	27.79
Gold Recovery, %	81.1	83.7
Silver Recovery, %	66.4	66.5
Gold Poured, ounces	72,096	84,220
Silver Poured, ounces	631,189	657,364

OPERATIONS

Safety performance in the quarter remained generally good, with no lost time injury recorded.

Total mine material movements of ore and waste were 3.3 million tonnes for the quarter, exceeding plan by 17%. The waste to ore strip ratio at 2.29:1 for the second quarter was higher than plan and this was primarily due again to a drier quarter than expected enabling additional mining of waste material for accelerated tailings storage facility (“TSF”) construction. The process plant has continued to perform well with gold recovery 3.24% over plan for the quarter and silver 1.07% above plan. Mill throughput at 993,000 tonnes was slightly below the levels of 1 million tonnes as achieved in the last three quarters. The main reason for the lower mill throughput was due to the ores mined at the south-east ridge



of Purnama where very hard ores were sourced. As advised in the previous quarterly report, the Feasibility Study for the potential installation of a secondary crusher has been completed, a project manager has been recruited for the next stage of Front End Engineering Design following Board approval to continue.

One Rockbreaker was breaking boulders at ROM.



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. A new hospital clinic, as one of the three signature projects, was handed over to the local government in June 2015.



A mosque was advanced to 90% of its construction. A bridge over the Batangtoru River was 70% completed. All corporate social responsibility (“CSR”) programmes have been conducted in accordance with world standard sustainable development principles, with active engagement of the local community as the beneficiaries and in synergy with relevant government agencies.

The Company has announced its first stand-alone Sustainability Report which has been prepared according to the Global Reporting Initiative (4) guidelines. This excellent report is available to view at <http://www.g-resources.com>.

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, which has been strongly urged by the Provincial government to improve the power supply, 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. The Company and its consultants are looking at various longer term more cost efficient options.

Puskesmas (a new hospital clinic) was handed over to the South Tapanuli Regency government.





COSTS, FINANCE AND CORPORATE

During the quarter, the world market price of gold fluctuated between \$1,165/ounce and \$1,225/ounce, with the Company achieving an average price for the quarter of \$1,193/ounce. This is slightly under the Company's internal financial modeling, but the 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 \$537/ounce sold for the quarter is again competitive when compared against world peers. This good quarter will have another sustained positive impact on the balance of the year's performance. The good cost results are a result of strong project fundamentals including favourable energy costs, 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.

At the quarter end, the Company had \$462M in cash, marketable securities and investments and had no outstanding debt. Financial data for this and last quarter was as follows:

	Q2 2015	Q1 2015
Gold sold ounces	69,600	87,346
Silver sold ounces	589,740	719,211
Gold sold average price, \$/ounce	1,193	1,218
Silver sold average price, \$/ounce	16	17
Receipts from sales, \$M	93	118
AISC, \$/ounce sold	537	471



As at 30 June 2015, there were 16,992 ounces of gold and 170,942 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 exploration expenditures was \$10.5M (2015Q1: \$8.3M).

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

		Q2 2015	Q1 2015	Q4 2014	Q3 2014
Gold production	ounces	72,096	84,220	67,425	73,153
Gold sold	ounces	69,600	87,346	69,054	69,086
Gold average price	\$/ounce	1,193	1,218	1,192	1,273
Silver production	ounces	631,189	657,364	589,397	602,144
Silver sold	ounces	589,740	719,211	531,194	707,315
Silver average price	\$/ounce	16	17	16	20
Total site cash costs	\$M	33.27	40.17	41.31	45.81
Silver by-product <i>(Note 1)</i>	\$M	-8.23	-10.11	-7.23	-12.22
Site cash costs after silver credits	\$M	25.04	30.06	34.08	33.59
Other sustaining costs <i>(Note 2)</i>	\$M	12.36	11.1	16.16	13.29
Total all-in sustaining	\$M	37.4	41.16	50.24	46.88
Receipts from bullion sale	\$M	93	118.3	91.0	101.7
WGC - all-in sustaining	\$/ounce	537	471	728	679

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

Exploration activity accelerated in second quarter with 5 diamond drill rigs operating close to the Martabe operations and 2 diamond drill rigs operating in the regional exploration area of Tani Hill and Tango Papa after a temporary suspension of the Company's regional and near mine exploration programmes in the first quarter.

An update on Exploration activities and new results will be released later in July 2015.

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
Chiu Tao
Chairman and Acting Chief Executive Officer

Hong Kong, 14 July 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. 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.

