G-RESOURCES
國際資源

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

2012/2013 INTERIM RESULTS ANNOUNCEMENT

Highlights

- **Martabe Mine commenced first gold and silver production in July 2012**
- **47,858 ounces of gold and 218,361 ounces of silver were produced during the six months period ended 31 December 2012**
- **USD42 million revenue recorded for the period**
- **Guidance for 2013 is 250,000 ounces gold and 2,200,000 ounces of silver, at a cash cost of USD450 per ounce of gold**
- **Production from the Martabe Mine in January and February 2013 has already exceeded 42,000 ounces of gold and 146,000 ounces of silver**

CHAIRMAN'S STATEMENT

Dear Shareholders,

These past six months or so have been very exciting for G-Resources – much progress has been made on all fronts.

Most importantly, we brought Martabe into gold and silver production in July 2012, just three years after we bought the project in the middle of 2009. At that time, there was no mine, no plant, no infrastructure, no contractors had been hired and we had very few people. In three and a half busy years, we have now constructed Asia's newest significant gold and silver mine and are, at the time of writing to you, ramping up to its full production capacity of 250,000 oz/a gold and 2-2.5 million oz/a silver. Martabe in North Sumatra, Indonesia, is an operation and achievement of which we are proud – our employees, our nearby communities, the regional Government of South Tapanuli, the Provincial Government of North Sumatra, the Central Government of the Republic of Indonesia, our financiers and our many contractors, suppliers, consultants and customers – all stakeholders are proud of our united achievements and we thank them all for their support during this sometimes challenging, busy time.

Further contingency funding was seen as necessary in the half year and we appreciate our shareholder support in providing this. We also thank our shareholders for their patience – and we look forward to rewarding our shareholders with value growth as we ramp up production and the Board will consider to declare dividends once we generate sufficient free cash flow.

The gold and silver markets have been buoyant these past three years and we are confident they will remain so. Gold is a wonderful metal and commodity, we think the strong demand factors and relatively weak supply outlook will ensure an excellent price outlook.

Looking ahead, we are totally devoted to meeting the production and cost targets we have set out for Martabe for 2013. We also want to grow the gold and silver resources and reserves base so that we can look at an incremental expansion of the existing plant; plus the possibility of a sulphide gold ore treatment plant which will give a step change to the production profile. The exploration upside at Martabe is excellent and we have an aggressive program and team devoted to further discovery of gold and silver.

I want to thank the management team, led by our CEO Peter Albert, for their dedication and hard work these past six months and I look forward to working with them all in 2013 as we continue to make progress and grow value.

I also want to thank our Board Members for their support and especially thank our two retiring members – Horace Tsui and Jimmy Kwan – for their contribution to G-Resources over these past three and a half years.

Finally, I just wanted to reiterate my thanks to our shareholders for their patience and support and I look forward with great enthusiasm to 2013 as another major year of achievements for G-Resources.

G-Resources Group Limited
Chiu Tao
Chairman

Hong Kong, 28 February 2013

CEO'S REPORT

Dear Shareholders,

For G-Resources, the past six months has been one of challenge, excitement and achievement. I cannot say enough about our people in G-Resources who have all worked extremely hard to deliver some outstanding results against some very challenging hurdles.

The Martabe Mine produced first gold on 24 July 2012 and in the remainder of 2012, a total of 47,858 ounces of gold and 218,361 ounces of silver was produced. This was a very pleasing result, especially as these were the early commissioning and ramp up months, as well as the operations shutting down for a period of six weeks to address some community concerns relating to discharge of clean water into the local Batangtoru river. In December, the process plant achieved 80% of design tonnage throughput and in excess of 100% of gold output. The head grade of gold in ore delivered to the mill was on plan at 2.35 grammes per tonne, whilst recoveries of gold at over 90% was well in excess of plan. By the end of December all construction works had been completed with all construction crews demobilized. The only remaining work at the end of the year is the connection to the high voltage power grid which is anticipated to be completed in the first half of 2013.

The strong fundamentals of Martabe remain unchanged and are continually being enhanced by the addition of more ounces of gold and silver in Resources and Reserves. Martabe has a great ore body, good grade, low mining cost, simple process technology, outstanding existing infrastructure and logistics, and an experienced and capable management team. The past year has seen the Martabe Project crystallise into the Martabe Gold Mine and the next few months will see the mine reach full design capacity and then move into a phase of optimisation to achieve the maximum output from the operation.

By the end of the year the financial position of the company was on a solid footing with USD41.9 million revenue received from the sale of bullion, USD57.4 million cash in the bank and marketable securities, and a further 16,997 ounces of gold and 47,866 ounces of silver in the process of being sold. The reduction in project and operations creditors, including the debt facility to the banks, is accelerating.

Like all mining operations around the world, Martabe is experiencing some operating cost pressures due to significant increases in consumable costs, labour costs and general inflation. In December, a re-estimate of operating costs for 2013 was completed and despite additional cost pressures as a result of continued operation of the diesel power plant, Martabe cash costs for 2013 are estimated to be USD450/ounce, maintaining Martabe's position as a low cash cost gold producer. Sustaining capex in 2013 is estimated to be USD80 million for continued building of the TSF wall, anticipated land acquisition around Barani and mine development. Sustaining capex in future years is likely to decrease to USD40-50 million per annum.

The operations team is now at full strength, with significant effort having been made to recruit and train the maximum number of local persons into the team as possible. The mine's goal of 70% local employment is well on the way to being achieved. A recent review of the organization structure has led to the appointment of two Deputy General Managers to enhance the breadth and depth of the organization, and in addition the Head of External Affairs Linda Siahaan, has been appointed Deputy President Director of the Indonesian operating company.

2011 was a year of significant growth in Resources and Reserves at Martabe, whereas 2012 has deliberately been a year of consolidation and focus on the regional opportunities. Much work has been done to identify and firm up both new and known targets. The exploration team has also spent considerable time developing a sulphide resource programme at Martabe as well as a copper-gold porphyry programme on the wider Contract of Work. These programmes will accelerate and gain maximum momentum in the coming months.

The safety record during construction at Martabe was outstanding. In the second half of 2012 during the operations phase of the commissioning and ramp up, this safety performance continued with not one single Lost Time Injury occurring during this period. The Board and management of G-Resources is particularly proud of this achievement by the whole team at Martabe. The safety statistics are a testament to the Company's focus to protect the safety, health and wellbeing of all our employees and contractors. This is part of our GREAT (Growth, Respect, Excellence, Action and Transparency) core values and our commitment to social responsibility. In addition to safety, we are working to maintain the environmental integrity of the Martabe district and to implement social programmes such as our eye cataract surgery project.

After the operation commenced producing gold, it became apparent that a small part of the local community was not well informed about the mine’s process of chemically cleaning any excess water prior to discharging clean water to the local river system. In order to preserve our good relations with the community and to ensure appropriate dialogue occurred, we shut down the operations for a period of 6 weeks whilst appropriate consultations and community relations activities took place to educate and to inform. As a consequence of our long standing good relations with the local community as well as government at all levels, we were able to resolve the issue and re-commence operations at the end of October. Continued maintenance and nurturing of our Social Licence remains a top priority for the Board and management of G-Resources.

I would like to take this opportunity to recognise the support of the governments within Indonesia at the Central, Provincial and District levels. Without their support and guidance, our task would be that much harder. Within the Indonesian Government, there is a clear recognition of the sustained value that can be added to the country and standards of living by long term mining projects.

I would also like to give my heartfelt thanks to our Directors for their encouragement over the past year as well as our shareholders who continued to demonstrate their confidence in the Martabe operation. In particular, I would like to give special mention to our staff at the Martabe Mine, who have worked so hard over the past year to achieve all of the milestones that we have met.

This is an exciting time to be at G-Resources as the Martabe mine takes its place amongst the top tier of Asian gold mines, and I am proud to work alongside this immensely talented and dedicated team.

G-Resources Group Limited
Peter Geoffrey Albert
Chief Executive Officer

Hong Kong, 28 February 2013

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 31 December 2012, together with the comparative figures for the six months ended 31 December 2011.

Condensed Consolidated Statement of Profit or Loss

For the six months ended 31 December 2012

		For the six months ended 31 December	
	NOTES	**2012** **USD'000** (Unaudited)	2011 USD'000 (Unaudited)
Continuing operations			
Revenue		**41,922**	-
Cost of sales		**(24,161)**	-
Gross profit		**17,761**	-
Other income		**700**	1,214
Loss attributable to temporary suspension of production	*4*	**(7,244)**	-
Administrative expenses		**(15,568)**	(9,444)
Fair value change of held for trading investments		**54**	(955)
Finance cost		**(3,117)**	-
Loss before taxation		**(7,414)**	(9,185)
Taxation	*5*	**(576)**	-
Loss for the period from continuing operations		**(7,990)**	(9,185)
Discontinued operation			
Loss for the period from discontinued operation		**-**	(10)
Loss for the period	*6*	**(7,990)**	(9,195)
(Loss)/profit for the period attributable to:			
Owners of the Company		**(7,999)**	(9,195)
Non-controlling interests		**9**	-
		(7,990)	(9,195)
Loss per share	*7*		
From continuing and discontinued operations			
– Basic and diluted (*US cent*)		**(0.04)**	(0.06)
From continuing operations			
– Basic and diluted (*US cent*)		**(0.04)**	(0.06)

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 31 December 2012

	For the six months ended 31 December	
	2012	2011
	USD'000	USD'000
	(Unaudited)	(Unaudited)
Loss for the period	**(7,990)**	(9,195)
Other comprehensive income/(expenses):		
Items that may be subsequently reclassified to profit or loss:		
Exchange difference arising on translation	**441**	1,385
Fair value gain/(loss) on:		
Available-for-sale investment	**2,148**	(2,214)
Hedging instruments designated in cash flow hedges	**969**	-
Other comprehensive income/(expenses) for the period	**3,558**	(829)
Total comprehensive expenses for the period	**(4,432)**	(10,024)
Total comprehensive (expenses)/income for the period attributable to:		
Owners of the Company	**(4,441)**	(10,024)
Non-controlling interests	**9**	-
	(4,432)	(10,024)

Condensed Consolidated Statement of Financial Position

As at 31 December 2012

	NOTES	**31 December 2012 USD'000** (Unaudited)	30 June 2012 USD'000 (Audited)
Non-current Assets			
Property, plant and equipment	*8*	**899,952**	825,000
Exploration and evaluation assets		**8,266**	5,338
Available-for-sale investment		**7,586**	5,438
Other receivable	*9*	**61,472**	45,595
		977,276	881,371
Current Assets			
Inventories		**42,827**	-
Other receivables	*9*	**16,037**	10,516
Held for trading investments		**1,863**	1,808
Pledged bank deposits		**81**	82
Bank balances and cash		**47,857**	65,338
		108,665	77,744
Current Liabilities			
Trade and other payables	*10*	**92,106**	70,850
Derivative financial liabilities		**235**	1,204
Borrowings		**48,521**	33,568
Tax payable		**576**	-
		141,438	105,622
Net Current Liabilities		**(32,773)**	(27,878)
Total Assets less Current Liabilities		**944,503**	853,493
Non-current Liabilities			
Other payables		**1,879**	1,493
Provision for mine rehabilitation cost		**11,172**	10,615
Borrowings		**24,260**	48,568
		37,311	60,676
		907,192	792,817
Capital and Reserves			
Share capital	*11*	**24,390**	21,757
Reserves		**866,528**	771,060
Equity attributable to owners of the Company		**890,918**	792,817
Non-controlling interests		**16,274**	-
Total equity		**907,192**	792,817

1. Basis of Preparation

The condensed consolidated interim 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.

The condensed consolidated interim 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 year ended 30 June 2012.

2. Principal Accounting Policies

The condensed consolidated interim 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 31 December 2012 are the same as those followed in the preparation of the Group's annual financial statements for the year ended 30 June 2012, except for the following accounting policies, which have been adopted by the Group in respect of the operation of the Group's mining business which commenced operation during the current interim period, as described below:

Non-controlling interests
Non-controlling interests that are present ownership interests and entitle their holdings to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of the acquiree's identifiable net assets.

Allocation of total comprehensive income to non-controlling interests
Total comprehensive income and expense of a subsidiary is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Inventories
Inventories comprise raw materials, work in progress and finished goods. Work in progress inventories mainly comprise ore stockpiles and other partly processed materials.

Inventories are stated at the lower of cost and net realisable value, primarily on a weighted average cost basis.

Cost for inventories comprises labour costs, material costs and contractor expenses which are directly attributable to the extraction and processing of ore; and a systematic allocation of the amortization and depreciation of mining properties and leases and of property, plant and equipment used in the extraction and processing of ore; and production overheads. Cost for purchased materials is determined after deducting discounts.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

Stockpiles represent ore that has been extracted and is awaiting for further processing. If there is significant uncertainty as to when the stockpiled ore will be processed it is expensed as incurred. Where the future processing of this ore can be predicted with reasonable certainty, it is valued at the lower of cost and net realisable value.

In the current interim period, the Group has applied, for the first time, the following amendments issued by the HKICPA.

HKAS 1 (Amendments)	Presentation of Items of Other Comprehensive Income
HKAS12 (Amendments)	Deferred Tax – Recovery of Underlying Assets

Amendments to HKAS1 Presentation of Items of Other Comprehensive Income

The amendments to HKAS 1 introduce new terminology for statement of comprehensive income and income statement. Under the amendments to HKAS 1, a statement of comprehensive income is renamed as a statement of profit or loss and other comprehensive income and an income statement is renamed as a statement of profit or loss. The amendments to HKAS 1 retain the option to present profit or loss and other comprehensive income in either a single statement or in two separate but consecutive statements. However, the amendments to HKAS 1 require additional disclosures to be made in the other comprehensive section such that items of other comprehensive income are grouped into two categories: (a) items that will not be reclassified subsequently to profit or loss; and (b) items that may be reclassified subsequently to profit or loss when specific conditions are met. Income tax on items of other comprehensive income is required to be allocated on the same basis – the amendments do not change the option to present items of other comprehensive income either before tax or net of tax. The amendments have been applied retrospectively, and hence the presentation of items of other comprehensive income has been modified to reflect the changes. Other than the above mentioned presentation changes, the application of the amendments to HKAS 1 does not result in any impact on profit or loss, other comprehensive income and total comprehensive income.

The application of the amendments to HKAS12 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.

The Group has not early applied new or revised Hong Kong Accounting Standards, Hong Kong Financial Reporting Standards, amendments and interpretations (hereinafter collectively referred to as “new and revised HKFRSs”) that have been issued but are not yet effective. The Group is in the process of making an assessment of the impact of these new or revised HKFRSs but is not yet in the position to state whether these new or revised HKFRSs would have significant impact on the Group's results of operations and financial position.

3. Segment Information

For management purposes, the Group's operating businesses are structured and managed separately according to the nature of their operations and the products and services they provide. 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:

- mining business – exploration, mining, processing and sales of gold and silver;
- provision of financial information services; and
- securities trading

(a) Segment revenue and results

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

	Continuing operations			Discontinued operation	
	Securities trading USD'000	Mining business USD'000	Total USD'000	Provision of financial information services USD'000	Total USD'000
For the six months ended 31 December 2012 (Unaudited)					
Segment revenue	-	41,922	41,922	-	41,922
Segment result	636	(3,418)	(2,782)	-	(2,782)
Unallocated corporate expenses			(4,741)	-	(4,741)
Unallocated income			109	-	109
Loss before tax for the period			(7,414)	-	(7,414)
For the six months ended 31 December 2011 (Unaudited)					
Segment revenue	-	-	-	232	232
Segment result	(396)	(4,631)	(5,027)	(10)	(5,037)
Unallocated corporate expenses			(4,785)	-	(4,785)
Unallocated income			627	-	627
Loss before tax for the period			(9,185)	(10)	(9,195)

(b) Segment assets

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

	Continuing operations		Discontinued operation	
	Securities trading USD'000	Mining business USD'000	Provision of financial information services USD'000	Total USD'000
At 31 December 2012				
(Unaudited)				
ASSETS				
Segment assets	9,543	1,075,903	-	1,085,446
Unallocated corporate assets				495
Total assets				1,085,941
At 30 June 2012				
(Audited)				
ASSETS				
Segment assets	7,995	950,576	70	958,641
Unallocated assets				474
Total assets				959,115

4. Loss attributable to temporary suspension of production

Production at Martabe Gold mine was suspended for six weeks starting mid-September 2012 due to interruption of construction of certain pipelines for the mine. Accordingly, the cost incurred during the six weeks period to maintain the mine operation of USD7,244,000 (six months ended 31 December 2011: nil) is reognised as loss attributable to temporary suspension of production.

5. Taxation

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

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

No provision for Hong Kong Profits Tax has been made in the condensed consolidated interim financial statements for both periods as the Group had no Hong Kong assessable profits in both periods.

6. Loss for the Period

	For the six months ended 31 December					
	Continued operations		Discontinued operation		Consolidated	
	2012	2011	**2012**	2011	**2012**	2011
	USD'000	USD'000	**USD'000**	USD'000	**USD'000**	USD'000
(Unaudited)						
Loss for the period has been arrived at after charging/(crediting):						
Amortisation and depreciation of property, plant and equipment, included in						
- Cost of sales	**6,629**	-	**-**	-	**6,629**	-
- Administrative expenses	**1,447**	104	**-**	17	**1,447**	121
Share-based payment expenses (included in administrative expenses)	**3,544**	5,251	**-**	-	**3,544**	5,251
Exchange loss, net	**944**	524	**-**	-	**944**	524
Allowance for other receivables	**-**	746	**-**	-	**-**	746
Interest income	**(700)**	(1,214)	**-**	-	**(700)**	(1,214)

7. Loss per Share

For continuing and discontinued operations

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

	For the six months ended 31 December	
	2012	2011
	USD'000	USD'000
	(Unaudited)	(Unaudited)
Loss for the period attributable to owners of the Company, for the purposes of basic and diluted loss per share	**(7,999)**	(9,195)

	Number of shares	
	2012	2011
Weighted average number of ordinary shares for the purposes of basic and diluted loss per share	**18,322,409,591**	16,375,625,233

The computation of dilutive loss 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 both the six months ended 31 December 2012 and 2011.

From continuing operations

The calculation of the basic and diluted loss per share from continuing operations attributable to the owners of the Company is based on the following data:

	For the six months ended 31 December	
	2012	2011
	USD'000	USD'000
	(Unaudited)	(Unaudited)
Loss for the period attributable to owners of the Company	**(7,999)**	(9,195)
Less: Loss for the period from discontinued operation	**-**	10
Loss for the period attributable to owners of the Company from continued operations	**(7,999)**	(9,185)

The denominators used are the same as those detailed above for both the basic and diluted loss per share.

From discontinued operation

Basic and diluted loss per share for the discontinued operation for the period ended 31 December 2011 was US0.00006cents per share, based on the loss for the period from the discontinued operation of USD10,000 and the denominators detailed above for the basic and diluted loss per share.

8. Movement in Property, Plant and Equipment

During the period, the Group increased its property, plant and equipment by approximately USD97,994,000 (six months ended 31 December 2011: USD173,018,000), of which USD60,664,000 (six months ended 31 December 2011: USD33,592,000) and USD37,330,000 (six months ended 31 December 2011: USD139,426,000) were attributable to additions of the mine property and development assets and construction in progress for the construction of Martabe Project respectively. Expenses incurred during the testing and commissioning of production were capitalised in property, plant and equipment and bullion sale from test production were credited to property, plant and equipment until commercial production was achieved in September 2012.

9. Other Receivables

	31 December	30 June
	2012	2012
	USD'000	USD'000
	(Unaudited)	(Audited)
Other receivables, net of allowance *(Note a)*	**77,509**	56,111
Less: Other receivable classified as non-current assets *(Note a)*	**(61,472)**	(45,595)
Other receivables classified as current assets	**16,037**	10,516

Note:

(a) As at 31 December 2012, included in other receivables is an amount of USD61,472,000 (30 June 2012: USD45,595,000) value added tax ("VAT") paid by an Indonesian subsidiary of the Group in connection with its purchase of equipment and services from suppliers in relation to the construction of the mine site which were classified as non-current portion based on the expected refund time span. The Indonesian subsidiary is in the process of obtaining the approval from the relevant Indonesian tax authority for refund of such VAT paid.

(b) There are no trade receivables as at 31 December 2012 (30 June 2012: nil). The Group allows a credit period of less than a week for its trade customers.

10. Trade and Other Payables

	31 December 2012 USD'000 (Unaudited)	30 June 2012 USD'000 (Audited)
Trade Payables *(Note a)*	**25,692**	-
Other Payables *(Note b)*	**68,293**	72,343
Less: Other payables classified as non-current liabilities	**(1,879)**	(1,493)
Trade and other payables classified as current liabilities	**92,106**	70,850

Note:

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

	31 December 2012 USD'000 (Unaudited)	30 June 2012 USD'000 (Audited)
0-60 days	**5,460**	-
61-90 days	**11,058**	-
> 90 days	**9,174**	-
	25,692	-

(b) Included in other payables are USD45,486,000 and USD22,013,000 (30 June 2012: nil and USD65,246,000) relating to payables by an Indonesian subsidiary of the Group for the operation of the mine site of Martabe Project and to its consultants and contractors in connection with the construction of the mine site of the Martabe Project, respectively.

11. Share Capital

	Number of shares	Value USD'000
Ordinary shares of HK$0.01 each		
Authorised:		
At 30 June 2012 and 31 December 2012	60,000,000,000	76,923
Issued and fully paid:		
At 1 July 2010 and 30 June 2011 (Audited)	14,066,831,950	18,147
Issue of shares *(Note a)*	2,813,364,000	3,610
At 30 June 2012 (Audited)	16,880,195,950	21,757
Issue of shares *(Note b)*	2,041,287,000	2,633
At 31 December 2012 (Unaudited)	18,921,482,950	24,390

Note:

(a) On 3 August 2011, 2,813,364,000 shares of HK$0.01 each were issued and allotted at a price of HK$0.60 per share pursuant to the placing agreement with the placing agent dated 27 July 2011. Details of the share placement were announced on 28 July 2011 and 3 August 2011.

(b) On 24 August 2012, 2,041,287,000 shares of HK$0.01 each were issued and allotted at a price of HK$0.38 per share pursuant to the placing agreement with the placing agent dated 17 August 2012. Details of the share placement were announced on 17 August 2012 and 24 August 2012.

All the shares issued by the Company during the period ended 31 December 2012 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 31 December 2012 USD'000 (Unaudited)	At 30 June 2012 USD'000 (Audited)
Capital expenditure contracted for but not provided for in the consolidated financial statements in respect of acquisition of property, plant and equipment	**45,676**	31,330
Capital expenditure authorised but not contracted for in respect of acquisition of property, plant and equipment	**34,269**	66,229

13. Transfer of interest in a subsidiary without losing control

During the period, the Group effected the transfer of 5% interest in a subsidiary PT Agincourt Resources ("PTAR") to the Provincial Government of North Sumatra ("PGNS") and Government of South Tapanuli Regency ("GSTR"). The transfer was made pursuant to the terms of the memorandum of intent (the "MOI") signed by Agincourt Resources (Singapore) Pte Ltd, PT Artha Nugraha Agung ("PTANA"), PGNS, GSTR and a shareholder of PTANA on 12 June 2008, prior to the acquisition of the Martabe Project by the Group in July 2009. The MOI provided for the transfer of 5% interest of PTAR at Nil consideration to PGNS and GSTR prior to the commencement of production at Martabe. Such transfer resulted in a decrease in the Group's interest in PTAR to 95% and recognition of non controlling interests of an amount of USD12,265,000, and corresponding adjustment to mine property and development assets included in property, plant and equipment.

INTERIM DIVIDEND

The Board does not recommend the payment of an interim dividend for the six months ended 31 December 2012 (six months ended 31 December 2011: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review and Results

G-Resources achieved first gold pour in July 2012 and commissioning and testing activities occurred in the following 2 months. Cost and revenue from sale of test production were capitalised until Martabe Gold Mine achieved commercial production in September 2012.

	Six months ended	
	Dec 2012	Dec 2011
	USD' 000	USD' 000
Financial Summary		
Revenue	**41,922**	-
Cost of sales	**(24,161)**	-
Gross Profit	**17,761**	-
Loss attributable to temporary suspension of production	**(7,244)**	-
EBITDA	**3,779**	(9,064)
Loss before taxation	**(7,414)**	(9,185)
Taxation	**(576)**	-
Loss for the period	**(7,990)**	(9,185)

The Group generated revenue of USD41.9 million (2011: Nil) from the sale of gold and silver at an average price of USD1,706.7 per ounce and USD32.3 per ounce respectively. The Group earned a gross profit of USD17.8 million (2011: Nil) and its EBITDA was USD3.8 million (2011: (USD9.1 million))for the period. The improvement in its financial results over the previous year was due to contributions from its Martabe gold mine as it entered gold and silver production.

Production activities of Martabe Gold mine were curtailed for six weeks in September 2012 whilst consultations were undertaken with the local community and government due to some concerns about the discharge of clean water to the local river; during this period the Group incurred a write off of USD7.2 million (2011: Nil). G-Resources incurred a loss before taxation of USD7.4 million (2011: USD9.2 million) for the period.

The cash costs for the mine calculated according to the Gold Institute Standard was USD680 per oz of gold produced. The relatively high cash costs (as compared to normal operations) were expected as the plant ramped up production towards its design capacity. The mine's cash costs were also negatively impacted by the interruption in production in September 2012 (which was shortly after Martabe achieved commercial production). The Company expects the cash cost for 2013 will be much lower when the Martabe Mine reaches designed capacity.

Total assets were USD1,085.9 million (30 June 2012: USD959.1 million) an increase of USD126.8 million as the Group invested in both non-current and current asset. Non-current assets were USD977.2 million (30 June 2012: USD881.4 million) an increase of USD95.8 million as the Group completed the construction of Martabe Gold Mine. Current assets were USD108.7 million (30 June 2012: USD77.7 million) an increase of USD31.0 million which was mainly due to increases in inventory which consist of gold and silver bullion and consumables.

Total liabilities were USD178.7 million (30 June 2012: USD166.3 million) an increase of USD12.4 million and the increase is mainly a result of increases in trade and other payments and a reduction of Group's bank borrowings.

Net Asset Value

As at 31 December 2012, the Group's total net asset amounted to approximately USD907.2 million, represented an increase of USD114.4 million as compared to approximately USD792.8 million as at 30 June 2012. The increase in net assets was mainly attributable to the share placement of USD99.0 million (net proceeds) in August 2012.

Cash Flow, Liquidity and Financial Resources

The Group's cash balance at the end of December 2012 was USD47.9 million (30 June 2012: USD65.3 million) a decrease of USD17.4 million as USD124.9 million were invested in property, plant and equipment (which included USD2.6 million in near mine exploration and evaluation) and USD2.9 million for regional exploration. USD11.0 million were used to partially repay the syndicated revolving credit facility. These activities were mainly financed by receipts of USD99.0 million from share placement and USD41.9 million revenue from bullion sale.

The Group has a secured revolving credit facility with BNP Paribas, Commonwealth Bank of Australia, Hang Seng Bank Limited and Sumitomo Mitsui Banking Corporation ("Facility") for the purpose of financing the Martabe Gold Mine. The Facility is fully drawn. It was arranged on a floating rate basis. The maturity profile of the Group's borrowing net of capitalized borrowing costs is set out as follows:

	31 December 2012 USD'000	30 June 2012 USD'000
Within one year	**48,521**	33,568
More than one year, but not exceeding two years	**24,260**	48,568
Total borrowings	**72,781**	82,136

The Group's gearing ratio as a percentage of the Group's total borrowing over shareholders' equity was 8% as at 31 December 2012 (10% as at 30 June 2012).

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 to USD is minimal as HKD is pegged to USD. The Group has exposure to foreign currency risk that are denominated in AUD and IDR.

In 2012, the Group entered into forward currency 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. These instruments are executed with creditworthy financial institutions. Management will continue to monitor the Group's other foreign currency exposure and impose other hedging policy should the need arise.

Business outlook

The Company achieved first gold pour in July 2012 and commercial production in September 2012. The focus for 2013 will be to ramp up production to reach design capacity as soon as possible.

Production guidance for 2013 is 250,000 ounces gold and 2,200,000 ounces of silver, at a cash cost of USD450 per ounce of gold. In January and February 2013, the Martabe Mine has already produced over 42,000 ounces of gold and over 146,000 ounces of silver.

Martabe has a great ore body, good grade, low mining cost, simple processing, and an experienced and capable management team.

We intend to expand the Group's resources and reserves through near mine exploration at Martabe and to continue to develop a sulphide resource programme at Martabe. The Group has defined exploration targets such as Golf Mike, Gambir-Kapur, Tango Papa and Pahae prospects for future discoveries on its Contract of Work.

The Group continues to review opportunities in the gold sector for quality gold projects or gold producing assets in Asia Pacific region which could deliver substantial value to shareholders.

Human resources

As at 31 December 2012, the Group had 26 employees in Hong Kong, 578 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 share option scheme adopted by the Company on 30 July 2004, 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 31 December 2012, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

CODE ON CORPORATE GOVERNANCE PRACTICES

The Company has adopted the principles and complied with the revised corporate governance rules and codes as well as those of the former rules and codes of the Corporate Governance Code (the "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 31 December 2012.

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 31 December 2012.

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 31 December 2012. 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 31 December 2012 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, 28 February 2013

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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