



# Interim Financial Report

STOCK CODE 1051

For the 6 months ended 31 December 2010

(Incorporated in Bermuda with limited liability)



# CORPORATE PHILOSOPHY

## Our Company

G-Resources is an Asia-Pacific gold company, based and listed in Hong Kong.

Our main asset, the Martabe gold and silver project, is located in North Sumatra, Indonesia. The project was purchased by G-Resources for approximately US\$220 million in mid 2009.

We intend to expand the Company through organic growth from increases in the Martabe resources and reserves and through discovery on the large Martabe COW area. Also part of our strategic mission is to acquire and develop other quality projects or income producing assets in Asia, Australasia and the Pacific Region. This will be achieved by leveraging our management team's regional gold and base metals experience and knowledge.

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## Our Mission

Our mission is to grow G-Resources into an Asia-Pacific focused world-class gold company by building Martabe in a timely manner and to the highest international standards of quality. Our target as a Company is to be producing 1 Moz per annum gold within 5 years.

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## Our Values

We strive to be a **GREAT** company in all of our operations and dealings with people **G**rowth in value for all our stakeholders **R**espect for our people, our communities and for all stakeholders **E**xcellence in everything we do **A**ction to deliver on our commitments **T**ransparency, openness, honesty and good governance.

# Location map

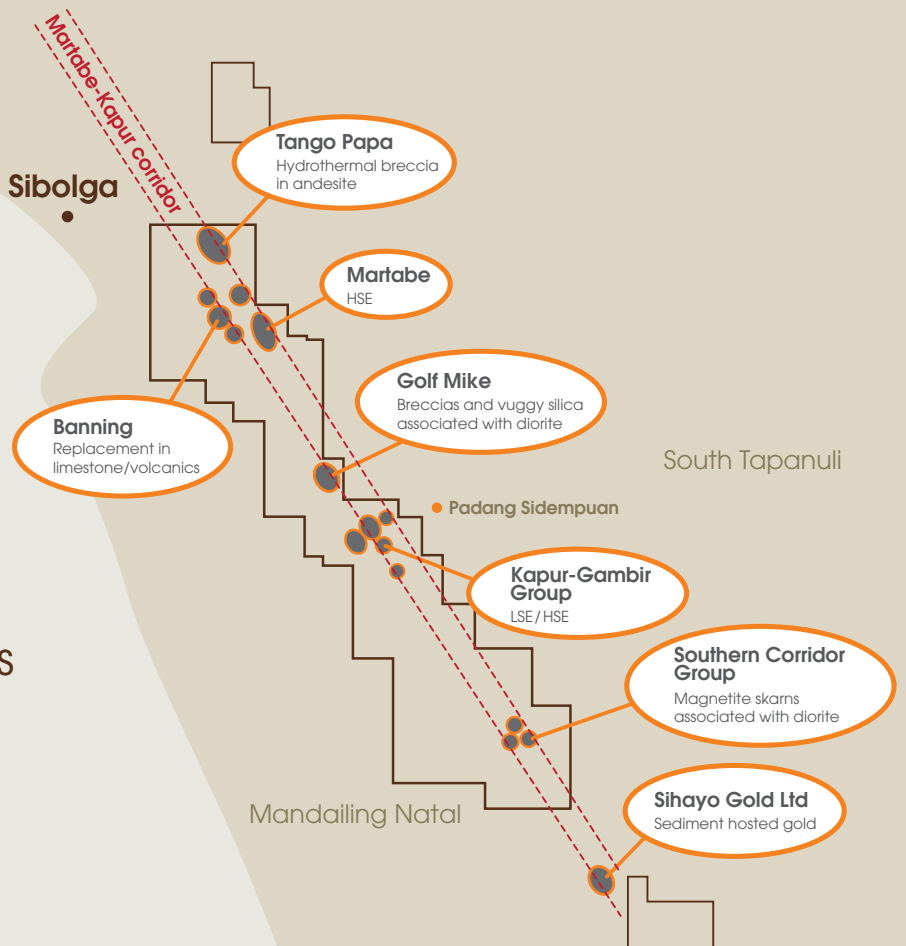
## MARTABE PROJECT 2010



### Martabe CoW exploration targets



#### Legend:

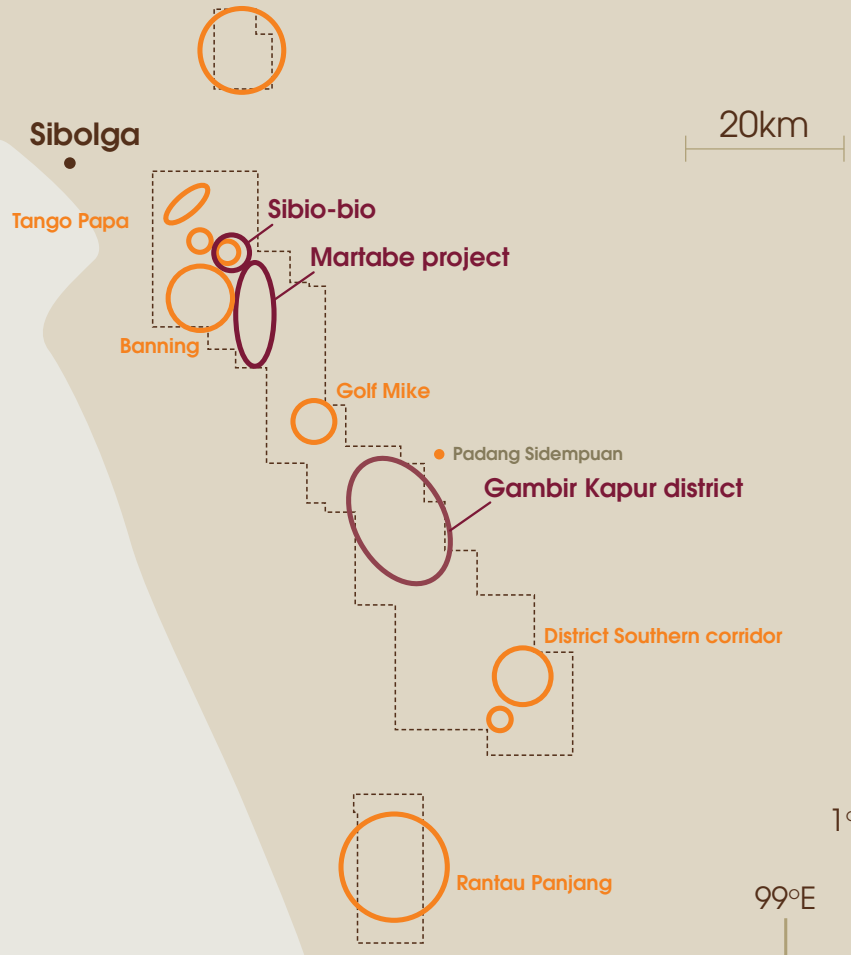
HSE = High Sulphidation Epithermal  
 LSE = Low Sulphidation Epithermal



# PTAR Contract of Work exploration activities in 2010




Legend:

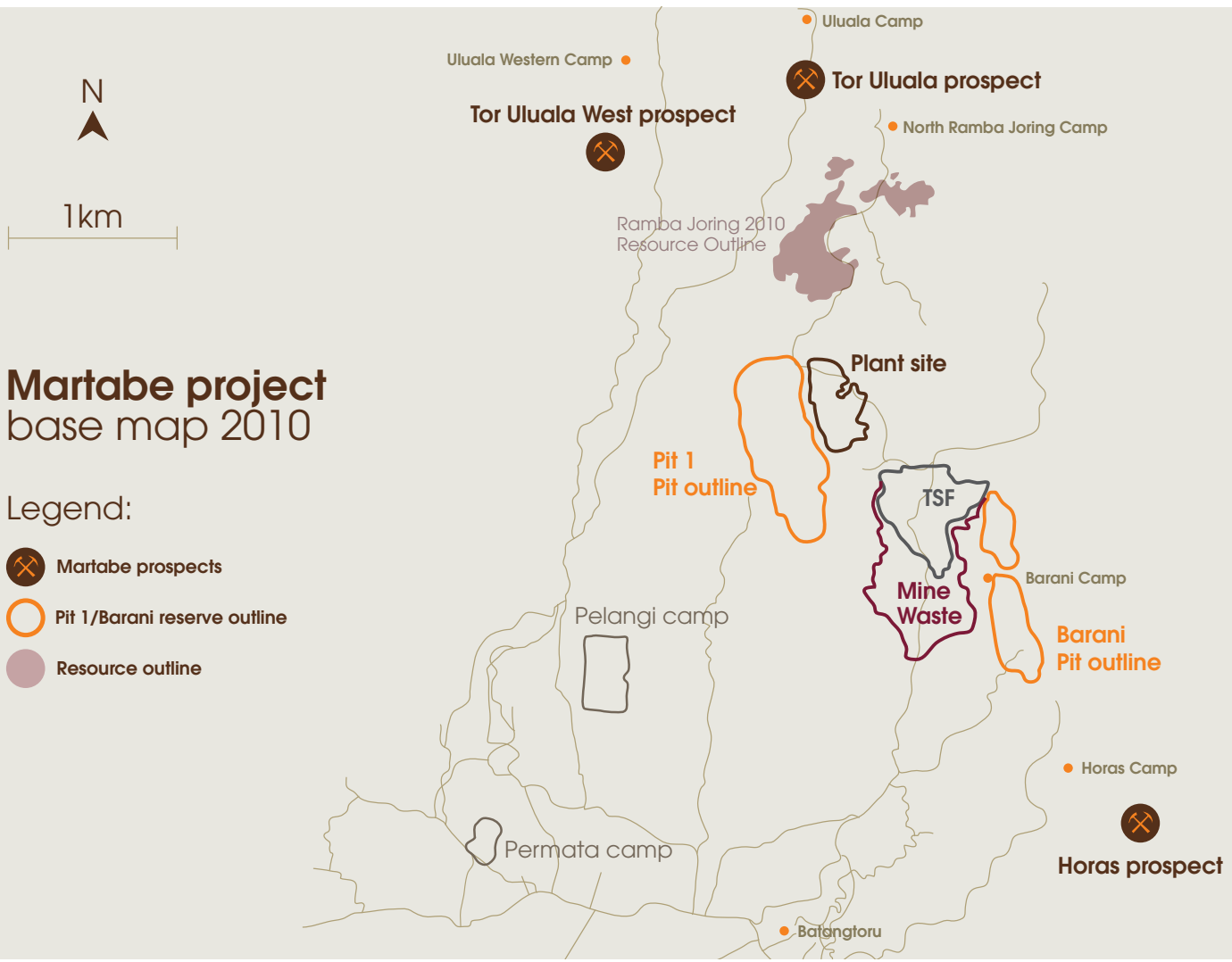
-  CoW Geochemistry Anomaly Highs
-  CoW Exploration Activities in 2010



# Martabe project base map 2010

Legend:

-  Martabe prospects
-  Pit 1/Barani reserve outline
-  Resource outline



# 2010 Highlights

- **USD 150 million** mining contract awarded to Leighton Asia, one of the world's largest contract miners
- **Earthworks contract awarded**, equipment began arriving at Martabe site
- **Ramba Joring deposit upgraded** to Indicated Resource category
- **New gold mineralised zone** discovered at Horas
- **Construction of haul road** to site completed
- **Start of preparation works** for Tailings Storage Facility
- **1,200 staff and contractors** working at the Martabe site
- **More than 85%** of the engineering works completed

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# Chairman's statement

“

Martabe is a highly mineralised district with great upside potential, and we hope to produce gold and silver in greater quantities for the long term

”

## Dear Shareholders,

On behalf of the Board and our employees, I would like to thank our shareholders for their continued support of G-Resources and our activities at the Martabe Project in Indonesia.

I am pleased to report that in the six months to 31 December 2010 we made great progress at Martabe after a trying first half year and we are now on track to produce first gold in December 2011. Most of the project engineering and design work has been completed by our project management contractor, Ausenco; and many of the main civil works contracts have been let to Leighton Asia, one of the world's leading mining contractors, as well as to a number of local Indonesian contractors such as Duta Graha Indah. The plant and equipment contracts have been awarded, and the long lead items are awaiting delivery to site. As of early 2011, we had some 1,200 contractors and our own people on site all driving towards first production of gold and silver at the end of this calendar year.

We continued to add to our gold and silver resources and reserve base through excellent exploration results in and around the existing orebodies. We also continued exploration activities on the rest of the very large 1,639 square kilometre tenement area that we hold. Martabe is a highly mineralised district with great upside potential, and we hope to produce gold and silver in greater quantities for the long term.

Our vision as a Company is to become an Asian based and globally competitive gold producer with Martabe as our quality starter asset. We have, and will continue to evaluate potential

new opportunities in the region. We have always been very clear that any future acquisition or a joint venture must be a right fit for the business and add real value for our shareholders – we will remain consistent in this approach.

Most expert commentators from across the globe feel the overall gold and silver market is strong and expect the present buoyant gold prices to continue for years to come. We agree with this view. Demand for gold as a commodity, a currency and a store of value is at unprecedented levels, whilst supply of new gold and silver is tight.

I would like to recognise the tremendous support that we continue to receive from the various Indonesian Government departments and also the local community adjacent to the Martabe Project site. In conclusion, I would like to thank our employees and our contractors for their commitment and hard work during the year and to assure them that G-Resources is very appreciative and very proud of what they have accomplished. We have great people, doing great work on a great project.

**Chiu Tao**

*Chairman*

Hong Kong, 25 February 2011

“

We remain confident that the Martabe Project will begin producing gold and silver at the end of 2011

”

I am delighted to share with you the tremendous progress we have made at the Martabe Project over the past six months, a very busy period for all of us at G-Resources.

One of the key milestones during the review period was the awarding of the mining contract on 26 July 2010 to Leighton Asia, one of the world's largest mining contractors. Our project manager, Ausenco Limited, has completed more than 85% of the engineering activities, including all the main process plant engineering, and ordered most of the equipment. Ausenco is expected to finalise the remaining works related to support infrastructure within the next two months.

In another important development, we received approval from the Minister of Public Works in Indonesia for the tailings storage facility (“TSF”) design prepared by the tailings dam designer, GHD.

Over the past few months, many of the contractors have mobilised to site and the number and intensity of activities has increased accordingly. All the project access roads are under construction, with some nearing completion. Development of the area for the offices, workshops and warehouses is well advanced, and works have finished on the emulsion shed and associated areas for storage of explosive materials. Services for the final stage of the accommodation facilities are complete,

and the installation of accommodation units is underway. The access road to the TSF is now ready for use. Work on the TSF itself has commenced, the plant site location has been fully opened up and earthworks are in progress to develop the site for the placement of concrete.

On the exploration front, I am extremely pleased with the results that we have achieved over the last few months. These include a new and exciting prospect at Horas, located within 3 km of the Martabe construction site, which was announced in December 2010; the upgrading of nearly 100% of the Ramba Joring deposit from Inferred to Indicated category; and some outstanding new results from Tor Uluala prospect approximately 2 km north of the Martabe site that were released in February this year. We expect that drilling programmes at Pit 1, Tor Uluala, Ramba Joring and Horas deposits will yield more good results in the coming months. In the wider regional exploration programme on the Contract of Works, we have also been working to identify targets and develop drill plans and will continue to keep you updated on the progress we make in these areas.

At Martabe, we have always prided ourselves on having a first class team. In recent weeks, we have added to that team with a number of key appointments, including Senior Commercial Manager, Senior Mine Manager, Senior Processing Manager

and Supply Chain Manager. There have also been some important strategic promotions within the Group.

Our relations with the local government and community continue to strengthen and develop with significant management focus on this key success factor. A new Regency Head, Mr Bupati Syahrul Pasaribu, was appointed in August 2010, and he has spent considerable time with site management acquainting himself and his officers with the project and providing his support. We were also honoured with a visit from The Director General of Mines, Mr Bambang Setiawan, who visited Martabe in October 2010 and expressed his full support for the project. The local community, which remained supportive during the challenging period in early 2010, is now starting to see the benefits from the project in terms of job opportunities, training, infrastructure and business development.

Our recent activities in the local community include provision of new clean water sources to some villages, libraries and reading areas for young children and a number of health education programmes. Another initiative that has been well received is the employment and training of female mining equipment operators by the mining contractor, Leighton.

The next 6 months will be an exciting time for the project as we complete much of our earthwork activities and move into placing of concrete and then erection of steel and installation of equipment. You will be able to follow our progress on our website, [www.g-resources.com](http://www.g-resources.com), by monitoring achievements of our key milestones and accessing the photographic records of construction activities.

Despite the temporary setback we experienced at the beginning of 2010, we remain confident that the Martabe Project will begin producing gold and silver at the end of 2011, and we will continue working diligently to fulfil your expectations of this world-class project.

**Peter Geoffrey Albert**

*Chief Executive Officer*

Hong Kong, 25 February 2011



# Management discussion and analysis

## Key Financial Information

### Financial Position

	<b>31 December 2010 USD'000</b>	30 June 2010 USD'000
Current Asset		
Bank and cash balances	<b>227,426</b>	279,508
Others	<b>18,903</b>	23,250
Non-current Assets	<b>365,707</b>	317,462
Total Assets	<b>612,036</b>	620,220
Total Debts	–	–
Other Liabilities	<b>12,649</b>	18,126
Net Assets	<b>599,387</b>	602,094

### Income Statement

	<b>6 months ended 31 December 2010 USD'000</b>	2009 USD'000
Revenue	<b>252</b>	459
Gross profit	<b>54</b>	56
EBITDA	<b>(8,754)</b>	(32,789)
Loss before taxation	<b>(8,872)</b>	(32,843)
Taxation	–	–
Loss for the period	<b>(8,872)</b>	(32,843)

## Business Review

During the period under review, the Group has made significant progress towards developing the Martabe Gold and Silver mine situate in Indonesia. The Company invested a total of approximately USD42 million in exploration and development activities during the six months ended 31 December 2010. The same is summarised in the following key categories:

*Expenditure on exploration, development and mining activities*

	Mine Property & Development <i>USD'000</i>	Exploration & Evaluation <i>USD'000</i>	Construction in Progress <i>USD'000</i>
Land holding fees	164	–	139
Assets and equipment	344	9	11,970
Earthworks & access	4,553	–	9,421
Drilling & assays expense	2,257	–	427
Consultancy and advisory	417	56	1,830
Staff cost	5,379	556	669
Transportation cost	199	1	–
Others	2,487	289	515
<b>Sub-total</b>	<b>15,800</b>	<b>911</b>	<b>24,971</b>
<b>Total</b>			<b>41,682</b>

## Results

The Martabe Gold and Silver mine of the Company is still under construction during the period and is not generating any revenue for the Company yet.

For the six months ended 31 December 2010, the Group's turnover amounted to approximately USD252,000 which was generated solely from the Group's financial information services (WINFCS). The Group reported a turnover of approximately USD459,000 for the corresponding period of 2009, of which 57% was contributed by WINFCS (approximately USD261,000) and 43% was contributed by the business of trading in electronics goods and accessories (approximately USD198,000).

During the period, the Group incurred a loss of USD8,872,000, a 73% reduction in loss compared with the same period in 2009 (2009: USD32,843,000). The reduction in loss was mainly

due to (i) the relatively stable performance of the Group's investment portfolio which recorded a gain of USD161,000 as a result of fair value change of held for trading investment in the current period as compared with a loss of approximately USD19,158,000 recorded for the six months ended 31 December 2009; (ii) the Group has effectively reduced its administrative expense by approximately USD1,474,000 from USD11,340,000 for the six months ended 31 December 2009 to USD9,866,000 for the period under review. In addition, in the current period, there was no disposal of available-for-sale investment as compared with a disposal loss of USD2,404,000 in 2009.

## Net Asset Value

As at 31 December 2010, the Group's total net assets amounted to approximately USD599 million which is fairly comparable with the status as at 30 June 2010.

## Liquidity and Financial Resources

The Group recorded a net cash outflow of approximately USD53 million during the six months ended 31 December 2010. As at 31 December 2010, cash and bank balances of the Group amounted to approximately USD227 million (30 June 2010: approximately USD280 million). Bank deposits of approximately USD92,000 were pledged to a bank to secure a cutting tree permit granted to a subsidiary of the Group as at 31 December 2010 (30 June 2010: USD92,000).

As at 31 December 2010 and 30 June 2010, a fixed charge on the entire share interest of Agincourt Resources (Singapore) Pte Limited and a floating charge over all the assets of G-Resources Martabe Pty Limited, both being wholly-owned subsidiaries of the Company, were granted to an independent third party to secure its contractual obligations to pay a royalty to this independent third party.

The Group's gearing ratio, expressed as the percentage of the Group's total borrowings over shareholders' equity, was nil as at 31 December 2010 and 30 June 2010 as the Group did not have any borrowings as at the end of the reporting periods.

## 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 HKD is pegged to the USD and therefore there is a minimal exposure to the

Group. The Group is exposed to foreign currency risk denominated in AUD and IDR. The Group currently does not have a hedging policy against AUD and IDR. However, management monitors the Group's foreign currency exposure and will consider hedging against significant foreign exchange rate exposure should the need arise.

## Business Outlook

G-Resources is on track to begin production of gold and silver by the end of December 2011 at the Martabe mine site in Indonesia. Over the next six months, the remaining earthworks and infrastructure facilities will be completed and installation of process plant, piping, equipment and electrical works will have significantly advanced, paving the way for the start of mining operations. In the meantime, exploration will continue in and around the Martabe site with high expectations of discovering new resources. These will add to the discovery announced in December 2010 at Horas and the more recent upgrading of the results at Ramba Joring to JORC code Indicated category status. Outstanding new results from the Tor Uluala prospect were released in February this year.

## Human Resources

As at 31 December 2010, the Group had 25 employees in Hong Kong, 227 employees in Indonesia and 2 employees 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.

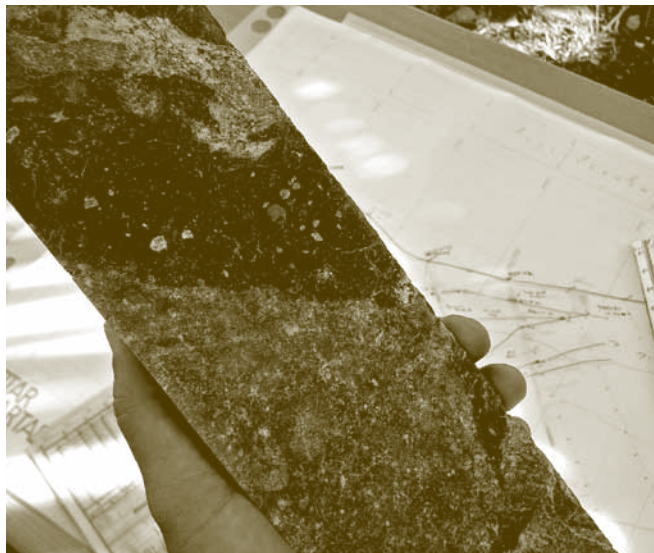
# Exploration, resource and reserve development activities

G-Resources continued its aggressive exploration program in the Martabe Contract of Work ("COW") area during the reporting period, with Resource Development and Exploration programs in the immediate vicinity of the Martabe Project and Exploration programs in other areas of the COW. These programs were highly successful with the discovery of a new gold deposit and a further update to the Martabe Mineral Resource undertaken.

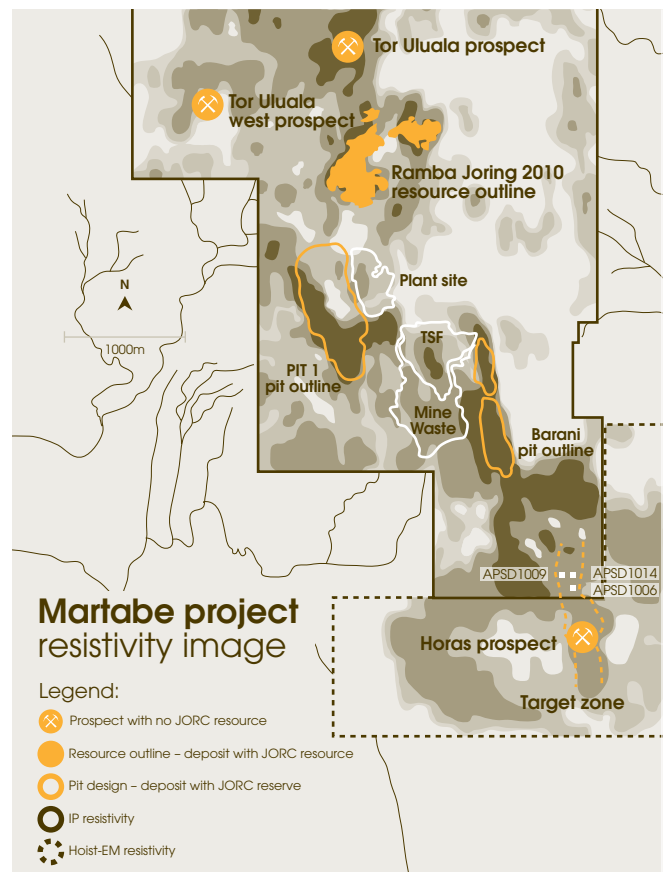
## Martabe – Resource and Reserve Development

At Ramba Joring, resource development drilling served to convert 90% of the resource from Inferred to Indicated Mineral Resource categories, leading to commencement of a reserve estimation and mine planning project for the Ramba Joring deposit.

Drilling was completed in the Pit 1 East area and an update to the Pit 1 Mineral Resource is underway incorporating these additional drill holes.



8 A geologist examines gold-bearing Horas drill core while undertaking detailed geological interpretation of the prospect.



8 Martabe Project geophysical (resistivity) image overlain with planned site infrastructure and deposit locations. The newly discovered Horas prospect is marked by the location of drill holes APSD1006, APSD1009 and APSD1014 and the zone of potential is outlined by the area labeled "Target Zone".

## Martabe – District Exploration

Following on from the successful Resource Development programs which dominated the previous period, the focus at Martabe shifted toward exploration of new or poorly tested targets in the immediate vicinity of the Martabe Project area. These programs, which are ongoing, were highly successful culminating in the discovery of a previously undrilled gold deposit only 3 km from the Martabe plant site location. The prospect, now known as the Horas Prospect, was identified through analysis of existing geophysical data and surface sampling and was tested with an initial scout drilling program. The first three holes in this program (APSD1006, APSD1009 and APSD1014) all returned gold intersections, the most significant being 48.2 m @ 3.14 g/t Au from APSD1014. Drilling will continue in 2011 to define the extent and grade of the deposit within the target zone.

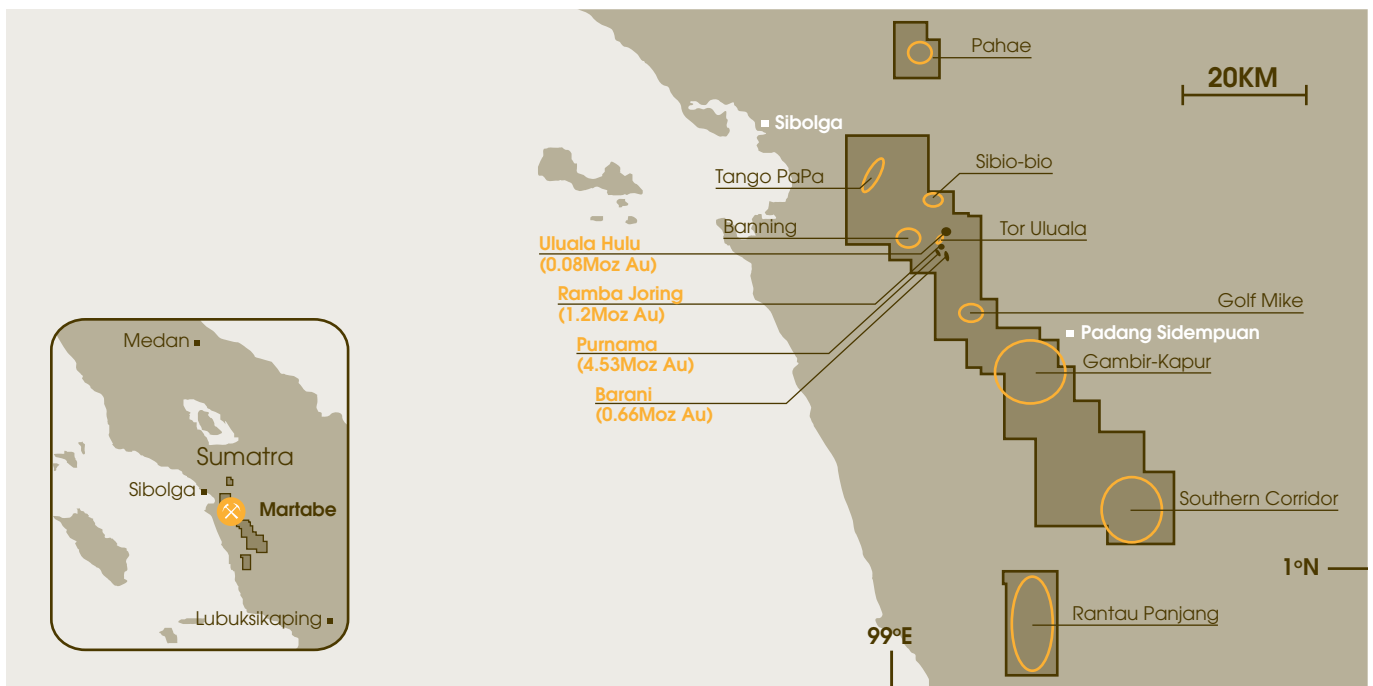


Figure 1. Location of the mineral deposits and prospects within the Contract of Work area.

Drilling was also conducted at Tor Uluala and Tor Uluala West prospects where surface mapping, geochemical sampling, geophysics and wide spaced existing drilling indicated a target zone of approximately 1.3 x 1.5 km in size. Drilling was ongoing at the end of the period with wide downhole intercepts of alteration and mineralisation developed in a number of holes. Additional drilling is being conducted to provide sufficient data for an initial resource estimate for the Tor Uluala prospect, planned for 2011.

A study has commenced on the sulphide component of the Martabe deposits with a preliminary metallurgical testing program completed at Pit 1. The program returned excellent results, with high recoveries of +70% obtained through floatation and refractory treatment of the sulphide mineralisation. Both pressure oxidation and roasting were tested with similar results. None of the Martabe deposits are closed at depth and great potential remains for the identification of additional sulphide resources. Further metallurgical work is planned to refine treatment options and exploration programs are being designed to expand the Mineral Resources at depth and to discover new buried sulphide resources.

## Martabe – COW Exploration

Regional exploration was conducted at several prospects with large field teams operating in a number of areas of the COW. Three areas of helicopter-borne aeromagnetic and radiometric geophysical data were acquired to assist with target definition and testing in the Gambir-Kapur, Martabe and Tango Papa areas. Surface geophysics (Induced Polarisation and Resistivity) were also acquired in three separate prospects in the Gambir-Kapur district to assist with target definition (see Figure 1 above). Large field teams were active in the Gambir-Kapur district undertaking geological mapping, surface rock sampling and grid based soil sampling programs. The integration of the recently acquired geophysical data with the geological and geochemical data has allowed definition of drill programs in a number of prospect areas for 2011.

Field mapping and geochemical sampling was undertaken in the Tango Papa area and data review of the Golf Mike prospect allowed development of a drill program which will be undertaken during 2011.

# Group results

The Board of Directors (the "Board") of G-Resources Group Limited (the "Company") presents the unaudited consolidated results of the Company and its subsidiaries (the "Group") for the six months ended 31 December 2010, together with the comparative figures for the six months ended 31 December 2009, which comprises the condensed consolidated statement of financial position as at 31 December 2010 and the related condensed consolidated statement of income, consolidated statement of comprehensive income, changes in equity and cash flows for the six months period ended, and explanatory notes.

## Condensed consolidated income statement

For the six months ended 31 December 2010

		For the six months ended 31 December	
	Notes	2010 USD'000 (unaudited)	2009 USD'000 (unaudited and restated)
Revenue		252	459
Cost of sales		(198)	(403)
Gross profit		54	56
Other income		803	19
Distribution and selling expenses		(24)	(16)
Administrative expenses		(9,866)	(11,340)
Fair value change of held for trading investments		161	(19,158)
Loss on disposal of an available-for-sale investment		–	(2,404)
<b>Loss for the period, attributable to owners of the Company</b>	5	<b>(8,872)</b>	<b>(32,843)</b>
<b>Loss per share</b>	7		
– Basic and diluted (US cents)		<b>(0.06)</b>	<b>(0.24)</b>

# Condensed consolidated statement of comprehensive income

For the six months ended 31 December 2010

	For the six months ended 31 December	
	2010 <i>USD'000</i> <b>(unaudited)</b>	2009 <i>USD'000</i> (unaudited and restated)
Loss for the period	<b>(8,872)</b>	(32,843)
Other comprehensive income/(expenses):		
Fair value change on available-for-sale investment	<b>269</b>	(7,966)
Reclassification adjustment upon disposal of available-for-sale investment	–	2,404
Exchange difference on translating the foreign operations	<b>1,067</b>	–
Total other comprehensive income/(expenses) for the period	<b>1,336</b>	(5,562)
Total comprehensive expenses for the period, attributable to owners of the Company	<b>(7,536)</b>	(38,405)

# Condensed consolidated statement of financial position

As at 31 December 2010

	Notes	31 December 2010 USD'000 (unaudited)	30 June 2010 USD'000 (restated)
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	8	347,179	305,477
Available-for-sale investment	9	12,271	11,985
Long term receivable	10	6,257	–
		<b>365,707</b>	<b>317,462</b>
<b>CURRENT ASSETS</b>			
Trade and other receivables	10	9,092	13,125
Held for trading investments	11	9,719	10,033
Pledged bank deposits		92	92
Bank balances and cash		227,426	279,508
		<b>246,329</b>	<b>302,758</b>
<b>CURRENT LIABILITY</b>			
Other payables	12	11,144	16,714
<b>NET CURRENT ASSETS</b>			
		<b>235,185</b>	<b>286,044</b>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			
		<b>600,892</b>	<b>603,506</b>
<b>NON-CURRENT LIABILITIES</b>			
Deferred tax liability		22	22
Provision for mine rehabilitation cost	13	1,483	1,390
		<b>1,505</b>	<b>1,412</b>
		<b>599,387</b>	<b>602,094</b>
<b>CAPITAL AND RESERVES</b>			
Share capital		18,147	18,147
Reserves		581,240	583,947
<b>TOTAL EQUITY</b>			
		<b>599,387</b>	<b>602,094</b>

The condensed consolidated financial statements on pages 10 to 23 were approved and authorised for issue by the Board of Directors on 25 February 2011 and are signed on its behalf by:

**Wah Wang Kei, Jackie**  
Director

**Kwan Kam Hung, Jimmy**  
Director



# Condensed consolidated statement of changes in equity

For the six months ended 31 December 2010

	Attributable to owners of the Company								
	Share capital USD'000	Share premium USD'000	Capital redemption reserve USD'000	Contributed surplus USD'000	Share options reserve USD'000	Exchange reserve USD'000	Investment revaluation reserve USD'000	Accumulated losses USD'000	Total USD'000
(Unaudited and restated)									
At 1 July 2009	1,087	–	212	148,265	1,304	328	5,562	(92,614)	64,144
Loss for the period	–	–	–	–	–	–	–	(32,843)	(32,843)
Fair value change on available-for-sale investment	–	–	–	–	–	–	(7,966)	–	(7,966)
Released on disposal of available-for-sale investment	–	–	–	–	–	–	2,404	–	2,404
Total comprehensive expenses for the period	–	–	–	–	–	–	(5,562)	(32,843)	(38,405)
Issue of shares	16,774	570,323	–	–	–	–	–	–	587,097
Issue of shares for acquisition of assets through acquisition of subsidiaries	286	11,000	–	–	–	–	–	–	11,286
Transaction costs attributable to issue of shares	–	(17,666)	–	–	–	–	–	–	(17,666)
Recognition of equity-settled share-based payment	–	–	–	–	5,350	–	–	–	5,350
Cancellation of share options	–	–	–	–	(716)	–	–	716	–
At 31 December 2009	18,147	563,657	212	148,265	5,938	328	–	(124,741)	611,806
(Unaudited)									
At 1 July 2010	<b>18,147</b>	<b>563,657</b>	<b>212</b>	<b>11,658</b>	<b>10,267</b>	<b>(1,893)</b>	<b>46</b>	<b>–</b>	<b>602,094</b>
Loss for the period	–	–	–	–	–	–	–	(8,872)	(8,872)
Fair value change on available-for-sale investment	–	–	–	–	–	–	269	–	269
Exchange difference on translating the foreign operations	–	–	–	–	–	1,067	–	–	1,067
Total comprehensive income/ (expenses) for the period	–	–	–	–	–	1,067	269	(8,872)	(7,536)
Recognition of equity-settled share-based payment	–	–	–	–	4,829	–	–	–	4,829
At 31 December 2010	<b>18,147</b>	<b>563,657</b>	<b>212</b>	<b>11,658</b>	<b>15,096</b>	<b>(826)</b>	<b>315</b>	<b>(8,872)</b>	<b>599,387</b>

# Condensed consolidated statement of cash flows

For the six months ended 31 December 2010

	For the six months ended 31 December	
	2010 USD'000 (unaudited)	2009 USD'000 (unaudited and restated)
<b>OPERATING ACTIVITIES</b>		
Loss for the period	(8,872)	(32,843)
Adjustments for:		
Interest income	(773)	–
Depreciation	118	54
Share-based payment expenses	4,829	5,350
Fair value change of held for trading investments	(161)	19,158
Loss on disposal of available-for-sale investment	–	2,404
Loss on disposal of property, plant and equipment	11	–
Operating cash flows before movements in working capital	(4,848)	(5,877)
Increase in long term receivable	(6,257)	–
Decrease/(Increase) in trade and other receivables	4,033	(686)
Decrease/(Increase) in held for trading investments	488	(29,229)
(Decrease)/Increase in other payables	(1,190)	598
<b>Net cash used in Operating Activities</b>	<b>(7,774)</b>	<b>(35,194)</b>
<b>INVESTING ACTIVITIES</b>		
Purchases of property, plant and equipment	(45,532)	(22,707)
Purchase of exploration and evaluation assets (included in property, plant and equipment)	(911)	(165)
Proceeds from disposal of property, plant and equipment	450	–
Interest received	773	–
Acquisition of assets through acquisition of subsidiaries	–	(221,675)
Proceeds from disposal of available-for-sale investment	–	21,481
<b>Net cash used in Investing Activities</b>	<b>(45,220)</b>	<b>(223,066)</b>
<b>NET CASH FROM FINANCING ACTIVITY</b>		
Net proceeds from issue of shares	–	569,431
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(52,994)</b>	<b>311,171</b>
<b>Cash and cash equivalents at beginning of the period</b>	<b>279,508</b>	<b>30,546</b>
Effect of foreign exchange rate changes	912	–
<b>Cash and cash equivalents at end of the period, represented by bank balances and cash</b>	<b>227,426</b>	<b>341,717</b>

# Notes to the condensed consolidated financial statements

For the six months ended 31 December 2010

## 1. Basis of Preparation

The unaudited 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”) and the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“Stock Exchange”).

The unaudited 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 2010.

## 2. Change of Presentation Currency

The condensed consolidated interim financial statements for the six months ended 31 December 2010 are presented in United State dollars (“USD”), which is different from the presentation currency of Hong Kong dollars (“HKD”) used in the Company’s condensed consolidated interim financial statements for the six months ended 31 December 2009 and the consolidated financial statements for the year ended 30 June 2010. In the opinion of the directors of the Company, the change of presentation currency from HKD to USD is made in order to present more relevant information as the management controls and monitors the performance and financial position of the Group based on USD. The comparative figures have been restated accordingly to achieve comparability with the current period. The change of presentation currency and restatement of comparative amounts from HKD to USD had no material impact on the Group’s condensed consolidated interim financial statements for the periods presented.

As aforementioned, the condensed consolidated interim financial statements are presented in USD, which is different from the Company’s functional currency of HKD. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

## 3. Principal Accounting Policies

The unaudited 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 adopted in the preparation of the unaudited condensed consolidated interim financial statements are consistent with those followed in the preparation of the Group’s annual financial statements for the year ended 30 June 2010. In the current interim period, the Group has applied, for the first time, the following new and revised standards, amendments and interpretations (“new and revised HKFRSs”) issued by the HKICPA.

HKFRSs (Amendments)	Improvements to HKFRSs issued in 2009
HKFRSs (Amendments)	Improvements to HKFRSs issued in 2010, except for those effective for the annual period beginning on or after 1 January 2011
HKAS 32 (Amendment)	Classification of Right Issues
HKFRS 1 (Amendment)	Additional Exemptions for First-time Adopters
HKFRS 1 (Amendment)	Limited Exemption from Comparative HKFRS 7 – Disclosures for First-time Adopters
HKFRS 2 (Amendment)	Group Cash-settled Share-based Payment Transactions
HK(IFRIC) – Int 19	Extinguishing Financial Liabilities with Equity Instruments
HK – Int 5	Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause

The adoption of the new and revised HKFRSs had no material effect on the consolidated financial statements of the Group for the current or prior accounting periods.

The Group has not early applied any 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 and revised HKFRSs but is not yet in a position to state whether these new and revised HKFRSs would have significant impact on the Group’s results of operations and financial position.

#### 4. 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, namely:

- mining business;
- provision of financial information services;
- securities trading; and
- trading of electronic goods and accessories

##### (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 31 December 2010 (Unaudited)

	Provision of financial information services USD'000	Securities trading USD'000	Mining business USD'000	Trading of electronic goods and accessories USD'000	Total USD'000
Segment revenue	252	–	–	–	252
Segment result	(30)	857	(1,615)	–	(788)
Unallocated expenses					(8,153)
Unallocated income					69
Loss for the period					(8,872)

##### For the six months ended 31 December 2009 (Unaudited and restated)

	Provision of financial information services USD'000	Securities trading USD'000	Mining business USD'000	Trading of electronic goods and accessories USD'000	Total USD'000
Segment revenue	261	–	–	198	459
Segment result	(51)	(19,158)	(199)	1	(19,407)
Unallocated expenses					(11,033)
Unallocated income					1
Loss on disposal of an available-for-sale investment					(2,404)
Loss for the period					(32,843)

Segment result represents the profit earned by/loss from each segment without allocation of corporate expenses, certain bank interest income and loss on disposal of an available-for-sale investment. This is the measure reported to the chief operating decision maker for the purposes of resource allocation and performance assessment.

#### 4. Segment Information (continued)

##### (b) Segment assets

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

**At 31 December 2010**  
(Unaudited)

	Provision of financial information services <i>USD'000</i>	Securities trading <i>USD'000</i>	Mining business <i>USD'000</i>	Trading of electronic goods and accessories <i>USD'000</i>	Total <i>USD'000</i>
<b>ASSETS</b>					
Segment assets	209	22,846	588,045	–	611,100
Unallocated assets					936
Total assets					612,036

At 30 June 2010  
(restated)

	Provision of financial information services <i>USD'000</i>	Securities trading <i>USD'000</i>	Mining business <i>USD'000</i>	Trading of electronic goods and accessories <i>USD'000</i>	Total <i>USD'000</i>
<b>ASSETS</b>					
Segment assets	221	22,018	594,617	–	616,856
Unallocated assets					3,364
Total assets					620,220

## 5. Loss for the Period

	For the six months ended 31 December	
	2010 USD'000 (unaudited)	2009 USD'000 (unaudited and restated)
Loss for the period has been arrived at after charging/(crediting):		
Depreciation of property, plant and equipment	118	54
Loss on disposal of property, plant and equipment	11	–
Share-based payment expenses (included in administrative expenses)	4,829	5,350
Exchange loss, net	258	221
Interest income	(773)	–

## 6. 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 28%.

No provision for Hong Kong Profits Tax or taxation in other jurisdictions has been made in the condensed consolidated interim financial statements for both periods as neither the Company nor any of its subsidiaries had any assessable profits in both periods.

## 7. Loss per Share

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	
	2010 USD'000 (unaudited)	2009 USD'000 (unaudited and restated)
Loss for the period attributable to owners of the Company, for the purposes of basic and diluted loss per share	8,872	32,843
		Number of shares
	2010	2009
Weighted average number of ordinary shares for the purposes of basic and diluted loss per share	14,066,831,950	13,922,037,738

The computation of diluted loss per share for the six months ended 31 December 2010 and 2009 does not include adjustments for the Company's outstanding share options as these options have anti-dilutive effect in both periods.

## 8. Movement in Property, Plant and Equipment

During the period, the Group increased its property, plant and equipment by approximately USD42,231,000 (six months ended 31 December 2009: USD31,435,000), of which USD15,893,000 was attributable to the mine property and development assets for the construction of the Martabe Project. During the six months ended 31 December 2009, the Group acquired USD229,666,000 mine property and development assets, mining rights and other property, plant and equipment through the acquisition of subsidiaries (six months ended 31 December 2010: Nil).

## 9. Available-for-sale Investment

The available-for-sale investment represents the Group's investment in senior notes with principal amount of USD12,000,000 issued by a company with its shares listed on the Stock Exchange with maturity date of 18 May 2015 (the "Senior Notes Due 2015"). These notes are listed on the Singapore Exchange Securities Trading Limited, carry interest at a fixed rate of 11.75% per annum, payable semi-annually in arrears on 18 May and 18 November of each year, commencing on 18 November 2010.

The Senior Notes Due 2015 were initially measured at fair value determined using the Hull-White term structure model. During the six months ended 31 December 2010, an increase in fair value of USD269,000 (six months ended 31 December 2009: Nil) was recognised in the investment revaluation reserves.

## 10. Trade and Other Receivables/Long Term Receivable

	<b>31 December 2010 USD'000 (unaudited)</b>	30 June 2010 USD'000 (restated)
Trade receivables	<b>10</b>	17
Other receivables	<b>9,082</b>	13,108
	<b>9,092</b>	13,125
Long term receivable	<b>6,257</b>	–

The Group normally allows an average credit period of 60 days to its trade customers. The following is an ageing analysis of trade receivables at the end of the reporting periods which is determined based on the invoice date:

	<b>31 December 2010 USD'000 (unaudited)</b>	30 June 2010 USD'000 (restated)
0-60 days	<b>10</b>	17

Included in other receivables of USD7,172,000 (30 June 2010: USD10,538,000) and the long term receivable of USD6,257,000 (30 June 2010: Nil) were value added tax ("VAT") paid by an Indonesian subsidiary of the Group in connection with its purchase of goods and services from suppliers. The Indonesian subsidiary is in the process of obtaining the approval from the relevant Indonesian tax authority for refund of such VAT paid.

### 11. Held for Trading Investments

The entire balance of the held for trading investments are Hong Kong listed equity securities held by the Group as at the end of the reporting periods. The fair value is determined based on the closing price per share quoted on the Stock Exchange as at the end of the respective reporting periods.

### 12. Other Payables

Included in other payables is an amount of USD10,342,000 (30 June 2010: USD14,722,000) relating to payables by an Indonesian subsidiary of the Group to its consultants and contractors in connection with the construction of the mine site of the Martabe Project.

### 13. Provision for Mine Rehabilitation Cost

In accordance with relevant rules and regulations in Indonesia, the Indonesian subsidiary of the Group accrued for the cost of land rehabilitation and mine closure for the Group's gold and silver mine. The provision for rehabilitation cost has been determined by the directors based on their best estimates in accordance with the Indonesian rules and regulations.

Provision for mine rehabilitation cost incurred for the period of USD93,000 was capitalised as part of mine property and development assets (included in property, plant and equipment).

### 14. Share-based Payment Transactions

The Company has a share option scheme for directors and eligible employees of the Group. Details of the share options outstanding during the current period are as follows:

	Number of share options
Outstanding at 1 July 2010	820,797,563
Granted during the period	503,009,194
Forfeited during the period	(36,274,427)
Outstanding at 31 December 2010	<u>1,287,532,330</u>



## 14. Share-based Payment Transactions (continued)

On 1 December 2010, a total of 503,009,194 share options were granted to certain directors, employees and a consultant of the Group under share option scheme adopted by the Company on 30 July 2004 with details as follow:

Tranche	A	B	C
Number of share options granted	440,109,194	37,900,000	25,000,000
Estimated fair value of share options at the date of grant (per option)	HKD0.1814	HKD0.2021	HKD0.2021

For Tranches A and B, share options will vest upon the occurrence of: (1) as to 50%, upon the first gold production by the Martabe Project; (2) as to 25%, upon the process plant of the Martabe Project being in operation and having reached its designed capacity of not less than a monthly average of gold production of 90% of the board approved production output for that year over a period of any six consecutive months after the first gold production at the Martabe Project; and (3) as to the remaining 25%, upon the process plant of the Martabe Project being in operation and having reached its designed capacity of not less than a monthly average of gold production of 90% of the board approved production output for that year over a period of any twelve consecutive months after the first gold production at the Martabe Project. No share options shall be vested at any time prior to the expiry of twelve months from the date of grant of the share options.

For Tranche C, share options will vest upon the occurrence of: (1) as to 50%, upon completion of the Martabe Project and the first gold production by the Martabe Project on the condition that the first gold production of the Martabe Project must be on or before 31 December 2011; and (2) as to 50%, upon the process plant of the Martabe Project being in operation and having reached its designed capacity within a range of 10% deviation for the average of the first year of production as defined by the mine schedule and plan for a continuous period of three months as approved by the Board.

Share-based payment was recognised over the vesting period based on the management's estimation of the timing when the vesting conditions disclosed above are met. The fair value of the total share options granted during the six months ended 31 December 2010 is USD11,902,000 (six months ended 31 December 2009: USD22,554,000).

For the six months ended 31 December 2010, the Group recognised a share-based expenses of USD4,829,000 (2009: USD5,350,000).

The following assumptions were used to calculate the fair values of share options granted on 1 December 2010:

Tranche	A	B	C
Weighted average share price as at date of grant	HKD0.512	HKD0.512	HKD0.512
Exercise price	HKD0.700	HKD0.600	HKD0.600
Expected life	3 years	3 years	3 years
Expected volatility	68.35%	68.35%	68.35%
Dividend yield	0%	0%	0%
Risk-free interest rate	0.828%	0.828%	0.828%

The Black-Scholes option pricing model has been used to estimate the fair value of the options. The variables and assumptions used in computing the fair value of the share options are based on the directors' best estimate. Changes in variables and assumptions may result in changes in the fair value of the options.

Expected volatility was determined by using the volatility of a set of companies in the mining industry. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioral considerations.

At the end of each reporting period, the Group revises its estimates of the number of options that are expected to ultimately vest. The impact of the revision of the estimates, if any, is recognised in profit or loss, with a corresponding adjustment to the share option reserve.

## 15. Operating Leases

### The Group as lessee

At the end of the reporting period, the Group had commitments for future minimum lease payments under non-cancellable operating leases which fall due as follows:

	<b>31 December 2010 USD'000 (unaudited)</b>	30 June 2010 USD'000 (restated)
Within one year	<b>511</b>	619
In the second to fifth year inclusive	<b>535</b>	1,184
	<b>1,046</b>	1,803

Operating lease payments represented rentals payable by the Group for certain of its office premises and warehouse. Leases are negotiated for terms ranging from one to four years.

## 16. Capital Commitments

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

	<b>31 December 2010 USD'000 (unaudited)</b>	30 June 2010 USD'000 (restated)
Capital expenditure contracted for but not provided for in the consolidated financial statements in respect of acquisition of property, plant and equipment	<b>35,781</b>	46,978
Capital expenditure authorised but not contracted for in respect of acquisition of property, plant and equipment	<b>254,319</b>	283,483

## 17. Pledge of Assets

As at 31 December 2010 and 30 June 2010, a fixed charge on the entire share interest of Agincourt Resources (Singapore) Pte Limited and a floating charge over all the assets of G-Resources Martabe Pty Limited, both being wholly-owned subsidiaries of the Company, were granted to an independent third party to secure its contractual obligations to pay royalty to this independent third party. The royalty payments are determined based on a fixed amount on gold produced from the Martabe Project. The present value of the future royalty payments are estimated to be approximately USD5,000,000 (30 June 2010: USD5,000,000).

## 18. Related Party Disclosures

### Key management personnel compensation

	For the six months ended 31 December	
	<b>2010</b> <i>USD'000</i>	2009 <i>USD'000</i> (unaudited and restated)
	<b>(unaudited)</b>	
Short-term benefits	<b>1,349</b>	1,566
Share-based payments (Note)	<b>4,580</b>	4,549
Post-employment benefits	<b>5</b>	5
	<b>5,934</b>	6,120

Note: Share-based payments represent the portion of the total fair value at the grant date of share options issued under the 2004 Scheme and the Share Option Agreements which has been charged to the condensed consolidated income statement during the period ended 31 December 2010 and 2009.

# Interim dividend

No dividend were paid or proposed during the six months ended 31 December 2010 nor has any dividend been proposed since the interim reporting date (six months ended 31 December 2009: Nil).

## Statutory disclosure

### Directors and Executive Officers' Interests and Short Positions in Shares and Underlying Shares of the Company

As at 31 December 2010, the interests and short positions of the directors and executive officers of the Company and their respective associates in the shares, underlying shares, convertible notes or debentures of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")) as recorded in the register maintained by the Company pursuant to Section 352 of the SFO or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which were taken or deemed to have under such provisions of the SFO) or pursuant to the Model Code for Securities Transactions by directors and executive officers of the Company (the "Model Code"), were disclosed as follows in accordance with the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"):

#### Long positions in shares and underlying shares of the Company

Name of Director/Executive Officer	Number of *shares / underlying shares				Approximate % of the issued share capital of the Company	Notes
	Personal interests	Corporate interests	Share options	Total		
Chiu Tao	–	–	280,000,000	280,000,000	1.99%	
Owen L Hegarty ("Mr Hegarty")	1,002,000	175,179,000	322,181,050	498,362,050	3.54%	1
Or Ching Fai ("Mr Or")	9,999,000	–	109,000,000	118,999,000	0.84%	2
Peter Geoffrey Albert ("Mr Albert")	33,213,000	–	301,681,050	334,894,050	2.38%	3
Ma Xiao	–	–	50,000,000	50,000,000	0.36%	
Wah Wang Kei, Jackie	1,272,000	–	50,000,000	51,272,000	0.36%	
Hui Richard Rui	–	–	50,000,000	50,000,000	0.36%	
Kwan Kam Hung, Jimmy	–	–	21,500,000	21,500,000	0.15%	
Arthur Ellis	210,000	–	38,000,000	38,210,000	0.27%	

\* Ordinary shares unless otherwise specified in the Note

Notes:

- 175,179,000 shares are held by Asia Linkage International Corp. ("Asia Linkage"), and Asia Linkage was wholly-owned by Mr Hegarty. By virtue of SFO, Mr Hegarty is deemed to have interest in all of the shares.

Pursuant to a share option agreement entered into between Mr Hegarty and the Company on 10 May 2009, the Company agreed to grant to Mr Hegarty 201,681,050 share options upon the fulfilment of certain conditions precedent pursuant to such share option agreement. Upon fulfilment of these conditions precedent, the share options granted to Mr Hegarty became effective on 24 July 2009 and shall be valid for a maximum period of five years thereafter.

- 100,000,000 share options were conditionally granted to Mr Or, an independent non-executive director of the Company, on 17 December 2010, such grant is subject to the approval of the Independent Shareholders at the Special General Meeting held on 3 March 2011.

- Pursuant to an investment agreement entered into between Mr Albert and the Company on 8 June 2009, Mr Albert agreed to subscribe for 33,213,000 shares at HK\$0.35 each in an aggregate amount of US\$1,500,000. The shares were issued and allotted to Mr Albert on 9 July 2009 upon completion of placing of new shares under specific mandate.

Pursuant to a share option agreement entered into between Mr Albert and the Company on 10 May 2009, the Company agreed to grant to Mr Albert 201,681,050 share options upon the fulfilment of certain conditions precedent pursuant to such share option agreement. Upon fulfilment of these conditions precedent, the share option granted to Mr Albert became effective on 24 July 2009 and shall be valid for a maximum period of five years thereafter.

Save as disclosed above, none of the directors and executive officers of the Company nor their associates had any interests and short positions in the shares, underlying shares, convertible notes or debentures of the Company or any of its associated corporations as recorded in the register maintained by the Company pursuant to Section 352 of the SFO or otherwise notified to the Company pursuant to the Model Code required to be disclosed in accordance with the Listing Rules as at 31 December 2010.

## Disclosable Interests and Short Positions of Substantial Shareholders other than Directors and Executive Officers

As at 31 December 2010, so far as known to the directors or executive officers of the Company, the following persons/entities are the shareholders (other than the directors or executive officers of the Company) who had interests or short positions in the shares and underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or be directly or indirectly interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances of general meetings of the Company or who were recorded in the register of substantial shareholders maintained by the Company pursuant to Section 336 of the SFO or had otherwise notified the Company.

### Long positions in shares and underlying shares of the Company

Name of shareholders	Capacity	Number of shares/ underlying shares (Note 1)	Approximate % of the issued share capital
CST Mining Group Limited ("CST") (Note 2)	Interest of a controlled corporation	1,392,391,571 (L)	9.90%
Skytop Technology Limited ("Skytop") (Note 2)	Beneficial owner	1,392,391,571 (L)	9.90%
BlackRock, Inc. (Note 3)	Interest of a controlled corporation	1,292,658,000 (L) 30,000,000 (S)	9.18% 0.21%
JPMorgan Chase & Co. ("JPMorgan") (Note 4)	Investment manager Custodian corporation/ approved lending agent	1,267,287,282 (L) 590,385,192 (P)	9.01% 4.20%

Notes:

- "L" denotes long position, "S" denotes short position and "P" denotes lending pool.
- CST is the ultimate beneficial owner of Skytop. Under Part XV of the SFO, CST is deemed to have interest in the shares of the Company held by Skytop.

## Statutory disclosure

3. These interests comprised 1,292,658,000 ordinary shares of the Company.

These interests comprised the respective direct interests held by:

	Number of shares (in Long Position)	Number of shares (in Short Position)
BlackRock Asset Management Australia Limited	90,000	
BlackRock Asset Management Japan Limited	183,000	
BlackRock Advisors (UK) Limited	2,814,000	
BlackRock Institutional Trust Company, N.A.	47,381,000	
BlackRock Fund Advisors	12,060,000	
BlackRock Advisors, LLC	249,000	
BlackRock Investment Management (Australia) Limited	2,595,000	
BlackRock (Isle of Man) Limited	17,000,000	
BlackRock Investment Management (Korea) Ltd	1,426,000	
BlackRock (Luxembourg) S.A.	679,999,000	
BlackRock Fund Managers Limited	350,000,000	
BlackRock Asset Management Ireland Limited	2,182,000	
BlackRock Asset Management North Asia Ltd	31,680,000	30,000,000
BlackRock Investment Management (UK) Limited	144,999,000	

BlackRock, Inc. is deemed to be interested in 1,292,658,000 shares held by various of its indirectly wholly owned subsidiaries.

4. These interests comprised 1,267,287,282 ordinary shares of the Company which include 590,385,192 shares in the lending pool.

These interests comprised the respective direct interests held by:

	Number of shares
JPMorgan Chase Bank, N.A.	590,385,192
JF Asset Management Limited	93,993,090
JPMorgan Asset Management (UK) Limited	582,504,000
J.P. Morgan Whitefriars Inc.	405,000

JPMorgan holds a long position in 1,267,287,282 shares as investment manager through its directly and indirectly owned subsidiaries and 590,385,192 shares in the lending pool in its capacity as custodian corporation/approved lending agent.

Save as disclosed above, the Company has not been notified by any person (other than the directors or executive officers of the Company) who had interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or be directly or indirectly interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances of general meetings of the Company or who were recorded in the register of substantial shareholders maintained by the Company pursuant to Section 336 of the SFO or had otherwise notified the Company as at 31 December 2010.

## Share Option

### 1. Share Option Scheme

The following table discloses movements in the Company's share options held by each of the directors and the employees of the Company in aggregate granted under the share option scheme of the Company during the six months ended 31 December 2010:

Name or Category of participants	Date of grant	Exercisable period	Note	Exercise price HK\$	Outstanding as at 1.7.2010	Granted during the period	Exercised during the period	Cancelled during the period	Lapsed during the period	Outstanding as at 31.12.2010	Market value per share at date of grant of options HK\$	Option value per share HK\$
<b>(a) Directors</b>												
Chiu Tao	23.11.2009	23.11.2009 – 22.11.2014	1	0.5500	140,000,000	–	–	–	–	140,000,000	0.5400	0.2412
	1.12.2010	1.12.2010 – 30.11.2015	2	0.7000	–	140,000,000	–	–	–	140,000,000	0.5200	0.1814
Owen L Hegarty	1.12.2010	1.12.2010 – 30.11.2015	2	0.7000	–	120,500,000	–	–	–	120,500,000	0.5200	0.1814
Or Ching Fai (Note 4)	23.11.2009	23.11.2009 – 22.11.2014	1	0.5500	9,000,000	–	–	–	–	9,000,000	0.5400	0.2412
Peter Geoffrey Albert	1.12.2010	1.12.2010 – 30.11.2015	2	0.7000	–	100,000,000	–	–	–	100,000,000	0.5200	0.1814
Ma Xiao	20.10.2009	20.10.2009 – 19.10.2014	1	0.4800	3,954,057	–	–	–	–	3,954,057	0.4750	0.2288
	23.11.2009	23.11.2009 – 22.11.2014	1	0.5500	31,045,943	–	–	–	–	31,045,943	0.5400	0.2412
	1.12.2010	1.12.2010 – 30.11.2015	2	0.7000	–	15,000,000	–	–	–	15,000,000	0.5200	0.1814
Wah Wang Kei, Jackie	20.10.2009	20.10.2009 – 19.10.2014	1	0.4800	3,954,057	–	–	–	–	3,954,057	0.4750	0.2288
	23.11.2009	23.11.2009 – 22.11.2014	1	0.5500	31,045,943	–	–	–	–	31,045,943	0.5400	0.2412
	1.12.2010	1.12.2010 – 30.11.2015	2	0.7000	–	15,000,000	–	–	–	15,000,000	0.5200	0.1814
Hui Richard Rui	20.10.2009	20.10.2009 – 19.10.2014	1	0.4800	3,954,057	–	–	–	–	3,954,057	0.4750	0.2288
	23.11.2009	23.11.2009 – 22.11.2014	1	0.5500	31,045,943	–	–	–	–	31,045,943	0.5400	0.2412
	1.12.2010	1.12.2010 – 30.11.2015	2	0.7000	–	15,000,000	–	–	–	15,000,000	0.5200	0.1814
Kwan Kam Hung, Jimmy	23.11.2009	23.11.2009 – 22.11.2014	1	0.5500	15,000,000	–	–	–	–	15,000,000	0.5400	0.2412
	1.12.2010	1.12.2010 – 30.11.2015	2	0.7000	–	6,500,000	–	–	–	6,500,000	0.5200	0.1814
<b>Total for directors</b>					<b>269,000,000</b>	<b>412,000,000</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>681,000,000</b>		

Name or Category of participants	Date of grant	Exercisable period	Note	Exercise price HK\$	Outstanding as at 1.7.2010	Granted during the period	Exercised during the period	Cancelled during the period	Lapsed during the period	Outstanding as at 31.12.2010	Market value per share at date of grant of options HK\$	Option value per share HK\$
<b>(b) Employees</b>	20.10.2009	20.10.2009 – 19.10.2014	1	0.4800	25,546,266	–	–	(20,168,105)	–	5,378,161	0.4750	0.2288
	23.11.2009	23.11.2009 – 22.11.2014	1	0.5500	19,200,000	–	–	(5,350,000)	–	13,850,000	0.5400	0.2412
	4.12.2009	4.12.2009 – 3.12.2014	1	0.5500	28,000,000	–	–	–	–	28,000,000	0.5200	0.2289
	13.5.2010	13.5.2010 – 12.5.2015	1	0.5500	5,000,000	–	–	–	–	5,000,000	0.4750	0.1929
	1.12.2010	1.12.2010 – 30.11.2015	2	0.7000	–	28,109,194	–	–	–	28,109,194	0.5200	0.1814
	1.12.2010	1.12.2010 – 30.11.2015	2	0.6000	–	34,900,000	–	–	–	34,900,000	0.5200	0.2021
	1.12.2010	1.12.2010 – 30.11.2015	3	0.6000	–	25,000,000	–	–	–	25,000,000	0.5200	0.2021
<b>Total for employees</b>					<b>77,746,266</b>	<b>88,009,194</b>	<b>–</b>	<b>(25,518,105)</b>	<b>–</b>	<b>140,237,355</b>		
<b>(c) Others</b>	23.11.2009	23.11.2009 – 22.11.2014	1	0.5500	4,000,000	–	–	–	–	4,000,000	0.5400	0.2412
	1.12.2010	1.12.2010 – 30.11.2015	2	0.6000	–	3,000,000	–	–	–	3,000,000	0.5200	0.2021
<b>Total for others</b>					<b>4,000,000</b>	<b>3,000,000</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>7,000,000</b>		
<b>Total for Scheme</b>					<b>350,746,266</b>	<b>503,009,194</b>	<b>–</b>	<b>(25,518,105)</b>	<b>–</b>	<b>828,237,355</b>		

## Notes:

- The share options will vest upon the occurrence of:
  - as to one-third, upon the first gold production by G-Resources Martabe Pty Ltd and its subsidiary under the Martabe Gold and Silver Project owned by PT Agincourt Resources in the Regency of South Tapanuli, Northern Sumatra, Indonesia (the "Martabe Project");
  - as to one-third, upon the process plant of the Martabe Project being in operation and having reached its designed capacity within a range of 10% deviation for the average of the first year of production as defined by the mine schedule and plan and as approved by the Board for a continuous of three months; and
  - as to the remaining one-third, upon the average closing share price of the Company for a continuous period of 30 days having reached 100% above the exercise price of the share option granted,

provided always that, in each case, no share options shall be vested at any time prior to the expiry of 12 months from the date of the grant of the share options and no option is exercisable until upon and after vesting.
- The share options will vest upon the occurrence of:
  - as to 50%, upon the first gold production by G-Resources Martabe Pty Ltd (ACN 119 655 506) (formerly known as OZ Minerals Martabe Pty Ltd ACN 119 655 506) and its subsidiary under the Martabe Project;
  - as to 25%, upon the process plant of the Martabe Project being in operation and having reached its designed capacity of not less than a monthly average of gold production of 90% of the board approved production output for that year over a period of any six consecutive months after the first gold production at the Martabe Project; and
  - as to 25%, upon the process plant of the Martabe Project being in operation and having reached its designed capacity of not less than a monthly average of gold production of 90% of the board approved production output for that year over a period of any twelve consecutive months after the first gold production at the Martabe Project,

provided always that, in each case, no share options shall be vested at any time prior to the expiry of twelve months from the date of grant of the share options.



3. The share options will vest upon the occurrence of:
  - i) as to 50%, upon completion of the Martabe Project and the first gold production by G-Resources Martabe Pty Ltd (ACN 119 655 506) and its subsidiary under the Martabe Project on the condition that the first gold production of the Martabe Project must be on or before 31 December 2011; and
  - ii) as to 50%, upon the process plant of the Martabe Project being in operation and having reached its designed capacity within a range of 10% deviation for the average of the first year of production as defined by the mine schedule and plan for a continuous period of three months as approved by the Board.
4. 100,000,000 share options were conditionally granted to Mr Or Ching Fai, an independent non-executive director of the Company, on 17 December 2010, such grant is subject to the approval of the Independent Shareholders at the Special General Meeting held on 3 March 2011.

## 2. Share Option Agreements

On 10 May 2009 and 8 June 2009, two Directors and five employees of the Company entered into share option agreements with the Company respectively, pursuant to which the Company agreed to grant to each of them an option to subscribe for shares of the Company subject to fulfilment of the conditions under the share option agreement. The options were subsequently granted on 15 July 2009.

Details of movements of the options granted pursuant to the above share option agreements during the period under review were as follows:

Name or Category of participants	Date of grant	Exercisable period	Note	Exercise price HK\$	Outstanding as at 1.7.2010	Granted during the period	Exercised during the period	Cancelled during the period	Lapsed during the period	Outstanding as at 31.12.2010	Market value per share at date of grant of options HK\$	Option value per share HK\$
<b>(a) Directors</b>												
Owen L Hegarty	15.7.2009	24.7.2009 – 23.7.2014	1	0.3850	201,681,050	-	-	-	-	201,681,050	0.4150	0.1962
Peter Geoffrey Albert	15.7.2009	24.7.2009 – 23.7.2014	1	0.3850	201,681,050	-	-	-	-	201,681,050	0.4150	0.1962
<b>Total for directors</b>					<b>403,362,100</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>403,362,100</b>		
<b>(b) Employees</b>												
	15.7.2009	3.8.2009 – 2.8.2014	1	0.4025	66,689,197	-	-	(10,756,322)	-	55,932,875	0.4150	0.1959
<b>Total for employees</b>					<b>66,689,197</b>	<b>-</b>	<b>-</b>	<b>(10,756,322)</b>	<b>-</b>	<b>55,932,875</b>		
<b>Total</b>					<b>470,051,297</b>	<b>-</b>	<b>-</b>	<b>(10,756,322)</b>	<b>-</b>	<b>459,294,975</b>		

Note:

1. The share options will vest upon the occurrence of:
  - i) as to one-third, upon the first gold production by G-Resources Martabe Pty Ltd and its subsidiary under the Martabe Gold and Silver Project owned by PT Agincourt Resources in the Regency of South Tapanuli, Northern Sumatra, Indonesia (the "Martabe Project");
  - ii) as to one-third, upon the process plant of the Martabe Project being in operation and having reached its designed capacity within a range of 10% deviation for the average of the first year of production as defined by the mine schedule and plan and as approved by the Board for a continuous of three months; and
  - iii) as to the remaining one-third, upon the average closing share price of the Company for a continuous period of 30 days having reached 100% above the exercise price of the share option granted,

provided always that, in each case, no share options shall be vested at any time prior to the expiry of 12 months from the date of the grant of the share options and no option is exercisable until upon and after vesting.

## Purchase, Sale or Redemption of the Company's Listed Securities

During the six months ended 31 December 2010, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

## Code on Corporate Governance Practices

### Compliance with the Code on Corporate Governance Practices of the Listing Rules

In the opinion of the directors, the Company has complied with the Code on Corporate Governance Practices (the "CG Code") as set out in Appendix 14 of the Listing Rules throughout the six months ended 31 December 2010, except for the deviation from the Code Provision A.4.1 in respect of the service term of directors.

Code provision A.4.1 stipulates that non-executive directors should be appointed for a specific term and subject to re-election. The existing non-executive and independent non-executive directors do not have a specific term of appointment but are subject to retirement by rotation and re-election at each 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 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 2010.

## 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 2010. 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 2010 has been reviewed by the Company's Audit Committee and the Company's auditors, Deloitte Touche Tohmatsu.

By Order of the Board

**Chiu Tao**

*Chairman*

Hong Kong, 25 February 2011

# Report on review of interim financial information



TO THE BOARD OF DIRECTORS OF G-RESOURCES GROUP LIMITED  
*(incorporated in Bermuda with limited liability)*

## Introduction

We have reviewed the interim financial information set out on pages 10 to 23, which comprises the condensed consolidated statement of financial position of G-Resources Group Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") as of 31 December 2010 and the related condensed consolidated income statement, statement of comprehensive income, statement of changes in equity and statement of cash flows for the six months then ended and certain explanatory notes. The Main Board Listing Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants. The directors of the Company are responsible for the preparation and presentation of this interim financial information in accordance with HKAS 34. Our responsibility is to express a conclusion on this interim financial information based on our review, and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

## Scope of Review

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly we do not express an audit opinion.

## Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information is not prepared, in all material respects, in accordance with HKAS 34.

**Deloitte Touche Tohmatsu**

*Certified Public Accountants*

Hong Kong

25 February 2011

# Corporate information

## Board of Directors

### Executive Directors

Mr Chiu Tao, *Chairman*  
Mr Owen L Hegarty, *Vice-Chairman*  
Mr Peter Geoffrey Albert, *Chief Executive Officer*  
Mr Ma Xiao, *Deputy Chief Executive Officer*  
Mr Wah Wang Kei, Jackie  
Mr Hui Richard Rui  
Mr Kwan Kam Hung, Jimmy

### Non-Executive Director

Mr Tsui Ching Hung

### Independent Non-Executive Directors

Mr Or Ching Fai, *Vice-Chairman*  
Ms Ma Yin Fan  
Mr Leung Hoi Ying

## Audit Committee

Mr Or Ching Fai, *Chairman*  
Ms Ma Yin Fan  
Mr Leung Hoi Ying

## Remuneration Committee

Mr Or Ching Fai, *Chairman*  
Ms Ma Yin Fan  
Mr Leung Hoi Ying

## Company Secretary

Mr Wah Wang Kei, Jackie

## Chief Financial Officer

Mr Arthur Ellis

## Auditor

Deloitte Touche Tohmatsu

## Legal Advisors

Hong Kong: Freshfields Bruckhaus Deringer, Tung & Co.  
Bermuda: Appleby  
Indonesia: Brigitta I. Rahayoe and Partners,  
Hadiputranto, Hadinoto & Partners,  
Christian Teo & Associates

## Principal Bankers

Hang Seng Bank Limited  
Citibank, N.A.

## Share Registrars

### Hong Kong

Union Registrars Limited  
18/F, Fook Lee Commercial Centre  
Town Place, 33 Lockhart Road  
Wanchai, Hong Kong

### Bermuda

Butterfield Fulcrum Group (Bermuda) Limited  
Rosebank Centre  
11 Bermudiana Road  
Pembroke HM 08, Bermuda

## Registered Office

Canon's Court  
22 Victoria Street  
Hamilton HM 12  
Bermuda

## Head Office and Principal Place of Business

Rooms 4501-02, 4510, 45th Floor  
China Resources Building  
26 Harbour Road  
Wanchai, Hong Kong

## Website:

[www.g-resources.com](http://www.g-resources.com)