REALISING THE FUTURE

GOING FOR GOLD

DETERMINATION AND DELIVERY

ANNUAL REPORT 2011

G-RESOURCES

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 gold 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.

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.

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.

DETERMINATION AND DELIVERY:

LATEST CONSTRUCTION PROGRESS

Plant site

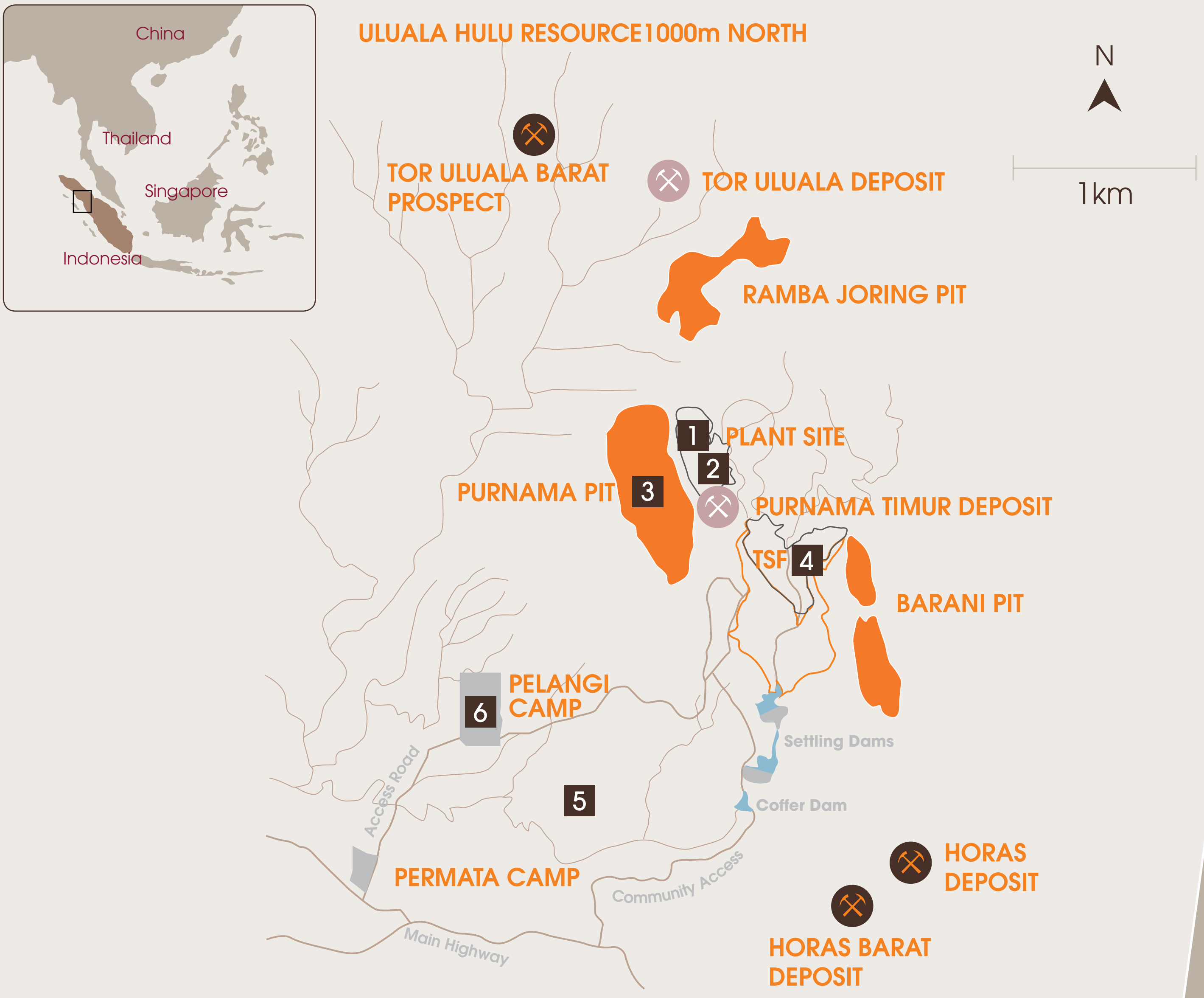
Plant site

First gold ore from Purnama

Tailings storage facility – 1st stage lift

Administration building

Camp and infrastructure area



Martabe Project

Legend: Prospect without JORC Resource Deposit with JORC Resource

Reserve: Approximate Pit Design Outline

CONTENTS

EYES ON THE PRIZE AS WE GEAR UP FOR FIRST PRODUCTION

1.01 MILLION OUNCES

In 2010/2011, we have added 1.01 Moz of gold and 6.24 Moz of silver to our resources.

Left photo: Outcropping epithermal alteration from Tango Papa Prospect.

MILESTONES

2010

December

Discovered new gold mineralised zone – Horas

2011

March

First concrete pour

May

Ore reserves at Ramba Joring – 315,000 ounces of gold and 810,000 ounces of silver

June

Grinding SAG mill components delivered to site

July

US$213 million placement completed

July

New resource at Purnama Timur – 230,000 ounces of gold and 2,110,000 ounces of silver

CIL tank erection commenced

August

First gold ore mined

Tailings storage facility first lift complete

September

New resource at Tor Uluala – 730,000 ounces of gold and 4,290,000 ounces of silver

In 2011, a total of 960,000 ounces of gold and 6,400,000 ounces of silver was added to the resource base

Outstanding safety record – Martabe Project achieved 4.4 million man hours lost-time injury (LTI) free

Workshop and warehouse complete

Mill concrete plinth complete

Plant site earthworks complete

CHAIRMAN'S STATEMENT

"We are 100% committed to bringing the project in as early as possible and to begin generating revenue."

Chiu Tao,
Chairman

Dear shareholders,

In a year of extreme economic uncertainty, investors increasingly turned to gold as a safe haven. With gold prices hitting unprecedented highs, we at G-Resources worked steadily and diligently to complete our mine and begin gold production.

We made significant progress during the year towards achieving this goal. By year end, the workshop, warehouse, administration buildings, CIL tanks and infrastructure such as the haul roads were either completed or well advanced. We also brought our world-class team of people up to full strength and finished awarding all key contracts and purchases.

Having said that, I should note that we also encountered heavy rainfall and ground conditions at Martabe that made it impossible to meet all of our earthworks and concrete works milestones. Consequently, we were forced to change our project schedule for first production from the end of 2011 to the end of the first quarter of 2012.

Our capital costs also had to be revised. In the process of awarding contracts, it became clear to us that the weaker US dollar, rising oil prices and last year's landslip would affect our capital costs. Following detailed internal and third party reviews, we estimated that our capital costs budget would require an additional US$200 million.

To raise the additional capital, we did a placement of shares in July 2011. The net proceeds of the share placing, which was oversubscribed, were approximately US$213 million. This shows that shareholders continued to have confidence in the quality and potential of the Martabe Project, as well as in our management team.

As the turmoil in global market continues with no end in sight, investors still regard gold as an excellent hedge against inflation and fluctuations in world currencies. Meanwhile, central banks are also engaged in heavy buying of physical gold for reserve, which is a component in a diversified portfolio and, especially in Asia, a material in the manufacture of jewellery.

Set against this is the limited supply of gold, especially new gold. Worldwide, there are few new discoveries of gold deposits being made or new gold mining projects coming into production. What's more, when new deposits are discovered, a gold mining company typically takes about eight to ten years before production can begin.

G-Resources is one of the few gold mine companies that will come on-stream in the near future. Our company offers an attractive option for investors not only because of the price leverage of gold mining stocks generally, but also because of the timing of our project and Martabe's low operating costs.

When we acquired the Martabe Project two years ago, gold was priced at just over US$900 per ounce and silver was only about US$13 per ounce; today gold and silver prices are substantially higher with gold having tested historical highs in recent weeks. Also, our very low cash cost compared with other gold mining companies is likely to have a favourable impact on our margins and earnings.

Looking beyond Martabe, we are maintaining our strategy of growing G-Resources into a leading Asia-Pacific gold company. Although we are currently focused on Martabe as our core starter asset, we have and will continue to evaluate potential new opportunities in the region according to our strict quality criteria. We are committed to optimising the Martabe asset and developing a pipeline of projects of similar quality that will enable us to be producing one million ounces of gold per annum within five years.

As we continue 'going for gold' early next year, I would like to assure our shareholders that we are 100% committed to bringing the project in as early as possible and to begin generating revenue. Although we did experience some setbacks in the year, we have been decisive in resolving these issues. Offsetting these, the price of gold remains at historically high levels, our production costs are very low compared with the industry, and we have an excellent management team in place working towards bringing the mine into production.

Our shareholders recognise the value of our project, which was demonstrated by the huge success of our recent share placing, and I would like to sincerely thank them for their support over the past year. I would also like to acknowledge my Vice-Chairmen, Chief Executive Officer and my fellow Directors for their dedication and hard work during this challenging period.

Finally, I would like to extend my deepest gratitude to all of our staff, both here in Hong Kong, Melbourne and at the Martabe site. With their energy, enthusiasm and commitment, I am confident that we can begin realising the full potential of this extraordinary project in the very near future.

Chiu Tao
Chairman
Hong Kong, 29 September 2011

CEO'S REPORT

"The strong fundamentals of Martabe remain unchanged and are continually being enhanced by the addition of more ounces of gold and silver."

Peter Geoffrey Albert,

Chief Executive Officer

Dear shareholders,

For G-Resources, the past year has been one of both challenge and achievement. I cannot say enough about our people in G-Resources who have all worked extremely hard to deliver some outstanding results.

During the year, we have come out of the uncertainties of the technical challenges at Martabe. We have had to restructure and reconfigure parts of the project, but we now have a clear path forward and are getting on with delivering this world-class mine.

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. What has changed is the optimisation of the layout of the project facilities, which is now ideally structured to the operating environment.

The Martabe Project is being executed to the best international standards. At every step of the way, we utilise the best available expertise, whether for example, designing our tailings dams, auditing our Resources and Reserves or independently assessing our capital costs.

However, as our Chairman mentioned in his statement, the final capital cost estimate and schedule have had to be revised. The capital cost increased as a consequence of the additional time required to deliver the project as well as the costs to rectify the previous geotechnical issues and re-build facilities. Nevertheless, at less than US$250/oz of gold our operating cash costs remain within the bottom quartile as a consequence of the great project fundamentals and strong silver by-product credit. As far as our schedule is concerned, our original plan was to be into production by end of 2011, however, the likelihood of this being achieved became increasingly unlikely, and we have revised our target to first bullion production before end of Q1 2012.

As at end of August 2011 all contracts had been awarded, more than 2,500 people were working at Martabe, the plant site earthworks are complete, concrete was well advanced, steel was being erected and the processing equipment delivered. Progress has been tremendous in recent weeks and the project teams have shown great dedication and commitment. This effort has been from all quarters, PTAR project management and our key contractors who have all committed their support for the project at the highest levels of their organisations.

The operations team is starting to get into full swing with mining activities daily increasing in momentum, placing of contracts for supply of consumables well advanced and recruitment of all senior persons now complete. Building a new operation from the ground up is no easy task, and at PTAR we have put together a team of experienced professionals who are setting up Martabe for long term sustainable success.

Growth in Resources and Reserves at Martabe has been a great achievement this year. Within our 1,639 km^2 Contract of Work, we have added some 15% more gold and 9% more silver to our resource base, and we expect more as we continue to drill out the existing ore bodies and explore new prospects in the highly gold and silver mineralised Martabe district. This enables us to look at planning for longer life and expanded production.

Given the aggressive nature of our works schedule and exploration programme, the safety record at Martabe is outstanding. We have now passed more than 300 days without a lost time injury, and in total we have worked more than 3.5 million hours without a lost time injury. This is an enviable achievement in any environment and at Martabe, with a relatively inexperienced local team, it is testament to the Company's focus on the safety of all our employees. This is part of our GREAT (Growth, Respect, Excellence, Action and Transparency) core values and our commitment to social responsibility. In addition to worker 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.

We have very good relations with local community leaders as well as government at all levels and maintain a constant dialogue with them. During the year, we continued our discussions with government on formalising the Letter of Intent signed by the previous owner of the project to transfer 5% of the project to the local governments. We believe it is vitally important to honour that obligation so that the local community will benefit directly from the success of the Martabe Project.

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 Project. In particular, I would like to give special mention to our staff at the Martabe Project site, who have worked so hard over the past year to overcome the challenges we have faced and bring the mine closer to production.

This is an exciting time to be at G-Resources, and I am proud to work alongside this immensely talented and dedicated team.

Peter Geoffrey Albert
Chief Executive Officer
Hong Kong, 29 September 2011

GOING FOR GROWTH BY LEVERAGING ON A SOLID RESOURCE BASE

7.46 MILLION OUNCES

As a result of our aggressive exploration programme, we continue to discover new resources. Our total Mineral Resource for 2011 is an estimated 7.46 million ounces of gold and 72.60 million ounces of silver, with more expected in the future.

Left photo: Exploration Superintendent Dunan Siregar examines a core sample.

PROJECT OVERVIEW: MARTABE

With a resource base of 7.46 million ounces of gold and 72.60 million ounces of silver, Martabe is G-Resources Group's primary asset.

NAME	Martabe
LOCATION	North Sumatra Province, Indonesia
PRODUCT	Gold/silver bullion
MINING METHOD	Open pit
PROCESSING METHOD	Mine, crush, SAG/Ball mill, carbon-in-leach (CIL) operation
FIRST PRODUCTION	March 2012
PRODUCTION FORECAST	Annual estimate 250,000 ounces gold and 2-3 million ounces silver
WORKFORCE	Approximately 3,250 employees and contractors as at 30 September 2011

G-Resources is a Hong Kong based and listed gold mining company, which has the Martabe Project in North Sumatra, Indonesia as our core starter asset. G-Resources' strategic vision is to build an Asia Pacific focused gold company. We will do this initially by building Martabe to the highest quality, with due attention to employee safety, the environment and the communities in which we operate. This sets the standard for other potential businesses in Indonesia and across the region as G-Resources grows organically and by acquisition of projects and developments that meet our specific criteria.

Martabe

The Martabe Project is located on the western side of the Indonesian island of Sumatra in the Province of North Sumatra, in the sub-district of Batangtoru. The project is established under a sixth generation Contract of Work ("COW"), which was signed in April 1997. The COW defines all of the terms, conditions and obligations of both G-Resources and the Government of Indonesia for the life of the COW.

With a resource base of 7.46 million ounces of gold and 72.60 million ounces of silver, Martabe is G-Resources Group's primary asset, around which a globally competitive, Asia-Pacific focused gold company will be built. The Martabe Project is currently in construction and when completed will produce around 250,000 ounces per annum of gold and 2-3 million ounces per annum of silver, at an anticipated low cash cost for the Purnama pit of less than US$250/oz of gold.

G-Resources is seeking to rapidly grow production to more than one million ounces of gold annually through exploration of the large and highly prospective COW area and through acquisition of other quality gold assets. The Martabe Project enjoys the strong support of the Indonesian Central, Provincial and Local governments as well as the nearby communities of Batangtoru.

Construction of Martabe

The target for first gold and ramp up at Martabe is the first quarter of 2012. Martabe has been the major focus for the Company with construction ongoing over the past year. The Martabe operation will comprise the Purnama open pit mine with a low strip ratio of 1.3:1, conventional processing plant with 4.5 Mtpa capacity, a permanent village, haulage roads, high voltage switchyard, onsite workshop and warehousing, and a tailings storage facility with associated water catchment and diversion systems.

Plant site under construction.

The Martabe Project, our core starter asset located in the Province of North Sumatra, Indonesia, is the site of one of the world's great resources of gold and silver. First discovered some 10 years ago, the deposits in the Project area are currently known to contain 7.46 Moz of gold and 72.60 Moz of silver.

Milestones achieved

During the year, we made good progress on our construction timetable and achieved a number of key milestones. All major contracts were awarded during the period, and delivery of equipment to Martabe, including all large components, was well advanced.

Our project management contractor, Ausenco Limited, completed all engineering and procurement activities. PT Leighton Indonesia concluded the excavation and bulk earthworks on the carbon-in leach ("CIL"), the mill and the high voltage switchyard platforms, as well as the crusher areas. Major concrete pours were done on the large building structures, the mill foundations and the ring beams in the CIL area.

Tank erection by PT Epiterma Mas is well advanced and construction of the high voltage switchyard is progressing.

Operations

Mining operations commenced at the Purnama pit during the period, with the development of pit access roads and removal of overburden. We made excellent progress on the main mine haul roads, allowing full access to the area and the opportunity to mine the first waste followed by the first ore.

All senior management positions were appointed and key process, maintenance and training staff placements are well on the way to being filled. The senior management team is a seasoned and well-experienced group of professionals who bring a wealth of knowledge and capability to the project. Process and training systems for all areas of the operation have been developed and are being implemented as the project develops.

Recruitment and training of local personnel is well underway towards achieving our goal of 70% local employment in our workforce. This investment aims to generate long-term and sustainable benefits for the local region. As an element of the G-Resources strategy to support diversity, we continued to encourage women to join our workforce and rise to senior roles within our organisation.


CIL tank erection.

Milestones to first gold

A number of key milestones have been set for the remainder of the construction phase. G-Resources and the key contractors involved in the project continue to work consistently to this schedule to ensure that Martabe is delivered in the first quarter of 2012. Some of the remaining milestones to first gold include:

CIL processing tank erection complete	Oct-11
Administration and service buildings complete	Nov-11
ROM stockpile ready for ore	Nov-11
Commissioning start	Jan-12
Ball mill installation complete	Jan-12
TSF starter complete	Jan-12
First HV power available	Jan-12
SAG mill installation complete	Feb-12
Primary crusher installation complete	Feb-12
Gold room complete	Feb-12
First gold	Mar-12

Costs

The Martabe Project has a low estimated life-of-mine cost structure for the Purnama pit of less than US$250/oz of gold (net of by products), which compares very favourably to other gold mining operations around the world. The low cost structure is due to a number of factors, including the capacity and size of the project, the shallow location of the deposit that results in a low strip ratio of 1.3:1, the good grade of the ore and straightforward gold extraction process. In addition, Martabe benefits from the advantageous location of the project, with the potential to reduce transportation costs and provide access to a large base of skilled Indonesian workers.

Case Study – Training Female Equipment Operators

From the start of the Martabe Project, G-Resources has had a strong and clear commitment to employing as many people from the communities close to the mine as possible. This commitment, which has been made to the community and local government, requires a significant investment in training and development. The Company is also ensuring that women in the area have equal employment opportunities at Martabe.

Mindful of cultural and religious norms, the Company first consulted with local people, leaders and government officers, who supported the initiative. The Company then engaged its key mining contractor, PT Leighton Indonesia, to provide a programme of recruitment, training and development of women for driving heavy mine trucks.

PT Leighton Indonesia conducts a three month theoretical and practical training course to prepare the new operators. Using a driving simulator, the trainees start from a zero skill base and eventually become safe, efficient and competent operators of the equipment. Currently, some recruits have reached the level of Foreman, and it is anticipated that in the future more female employees will attain higher positions within the Company. There have been seven intakes of trainees so far, bringing the total number of female equipment operators now at Martabe to 60.

One of the successful trainees employed at Martabe is 22-year-old Basaria Hutapea. Educated at the local senior high school, Basaria joined the programme as a trainee operator on 1 November 2010, was promoted to mine truck driver on 1 February 2011, and promoted to Foreman on 26 June 2011.

When discussing her experience at Martabe, Basaria says she is grateful for the opportunity and training that she has received and that it has enabled

her to earn a better living and take care of her family. The training and work has given her a higher degree of confidence, and she enjoys her role as Foreman. Other women employed at Martabe said they wish to expand their skills base through further training on other equipment. They are much more optimistic about the future as they see the long-term benefits of the mine, not only for themselves but for the wider community.

Tim Duffy, General Manager of Operations at Martabe, says: "This initiative is a ground-breaking endeavour for the Company and for the local community. The performance of the drivers to date has been outstanding. We are really happy with what we have shown can be achieved, and we are now looking for further opportunities to keep this initiative going."

Drill site at the Tor Uluala Deposit, March 2011.

Martabe Mineral Resource and Reserve Statement (As at 30 September 2011)

1. Exploration overview

The Martabe Contract of Work ("COW") occurs within the Java-Sumatra portion of the Sunda-Bandah magmatic arc. The Java-Sumatra portion of the arc has approximately 30 million ounces of gold in resources and past production, and a newly discovered major porphyry copper system. Recent discoveries and expansions at Martabe, Tujuh Bukit, Miwah and Sorok Mas have shown the potential of the Java-Sumatra Arc, which remains under-explored relative to many of the world's major gold-copper belts. The Martabe COW covers 1,639 km^2 along 110 km of strike length of the Sumatra fault, which is a major control for mineral deposits along the Java-Sumatra Arc.

In 2010-2011, exploration work focused on the following:

- the discovery of new systems in the Martabe district;
- delineation of new resources near the Martabe operations;
- early stage exploration on the COW; and
- exploration for potential buried porphyry copper-gold bodies near the Martabe deposits.

Overall, 196 diamond drill holes for 33,195 metres were completed between 1 July 2010 and 30 June 2011.

The programme was successful, achieving the following notable outcomes:

1. Maiden resource estimates were completed for the Purnama Timur and Tor Uluala deposits, in total adding 0.96 million ounces ("Moz") of gold and 6.40 Moz of silver to the Inferred and Indicated Resources at Martabe.
2. Discovery of the Horas deposit in October 2010, with drilling to resource definition stage nearly complete by 30 June 2011 and a maiden resource estimate expected in the near future.
3. A reserve estimate was completed for the Ramba Joring deposit.
4. Deep drilling under the Purnama, Ramba Joring and Tor Uluala deposits reached 800 m below surface and identified a large alteration system with anomalous gold and copper values at depth.
5. Identification of drill targets for potential high sulphidation epithermal (HSE) and porphyry copper-gold mineralisation at seven prospects on the COW.

2. Martabe Resource and Reserve Development

The period 1 July 2010 to 30 September 2011 saw additions to both the resource and reserve estimates at Martabe. Additional resources were added at the Purnama Timur and Tor Uluala deposits, and the Ramba Joring deposit was partly converted from Inferred Resource to Indicated Resource category with resulting minor variations in estimated total gold and silver content. Overall, an estimated total of 1.01 Moz of gold and 6.24 Moz of silver was added. This represents

Drilling operations at the Tor Uluala Deposit, March 2011.

an increase of 15% in the total gold resource estimate and 9% in the total silver resource estimate for the period. Since acquisition of the Martabe Project in July 2009, G-Resources has added an estimated 1.55 Moz of gold and 11.1 Moz of silver to the Martabe deposits, representing an increase of 26% in gold resources and 18% in silver resources.

At 30 September 2011, G-Resources Group JORC compliant and classified Mineral Resources are estimated to contain 7.46 Moz of gold and 72.60 Moz of silver within the Purnama, Purnama Timur, Barani, Ramba Joring, Tor Uluala and Uluala Hulu deposits at Martabe in North Sumatra, Indonesia.

At the Purnama Timur deposit, a total resource was estimated of 4.97 Mt at 1.5 g/t gold and 13.2 g/t silver for 0.23 Moz of gold and 2.11 Moz of silver. The resource estimate is based on 86 diamond drill holes for a total of 15,487 metres of drilling. This includes an Indicated Resource of 2.37 Mt at 1.3 g/t gold and 15.9 g/t silver, and an Inferred Resource of 2.6 Mt at 1.6 g/t gold and 10.8 g/t silver. The Purnama Timur deposit is directly to the east of the Purnama deposit, and will likely be mined as either an additional pit or an extension to the current pit design.

At the Tor Uluala deposit, an Inferred Resource was estimated of 22.0 Mt at 1.0 g/t gold and 6.0 g/t silver, for 0.73 Moz of gold and 4.29 Moz of silver. The resource estimate is based on 81 diamond drill holes for 17,554 metres of drilling. The Tor Uluala resource is located 1.5 km north of the Martabe plant site and about 200 m to the north of the Ramba Joring deposit, and consists of multiple mineralised zones extending over 1.5 km. Geological interpretation and preliminary metallurgical testwork indicates that up to half of the resource is oxide to transitional in nature, and will likely prove to be a suitable feed source for the Martabe gold plant. Tor Uluala is open to the north and south and at depth.

At the end of the year, G-Resources Group JORC compliant and classified Ore Reserves are estimated to contain 3.0 Moz of gold and 33.6 Moz of silver within the Purnama, Barani and Ramba Joring deposits at Martabe in North Sumatra, Indonesia.

During 2011, Ramba Joring reserves were added to the combined Martabe reserves as detailed in the table of Ore Reserves Estimates later in this report. The inclusion of Ramba Joring increased the reserves by 315 Koz of gold and 810 Koz of silver. This represents an increase of 11.6% in the total gold reserve estimate and 2.5% in the total silver reserve estimate for the period.

Contained within the Ramba Joring pit design on which the Ore Reserves are based is a total of 24.8 Mt of waste material, resulting in a waste:ore strip ratio of 3.1:1. Included in this waste tonnage is 0.2 Mt of material classified as an Inferred Resource, above the reserve cut off grade. The average grade of this Inferred material is 1.4 g/t gold and 3.6 g/t silver. No economic value has been assigned to this Inferred material in the estimation of these Ore Reserves.

The Ore Reserve Estimate is based on the Mineral Resource Estimate classified as Measured and Indicated after consideration of all mining, metallurgical, social, environmental and financial aspects of the operation. The Proved Ore Reserve has been derived from the Measured Mineral Resource, and the Probable Ore Reserve has been derived from the Indicated Mineral Resource.

The Ore Reserves for Purnama and Barani are based on the Mineral Resource model estimated in September 2010. As there has been no mining since the last reserve statement, the reserves at Purnama and Barani remain unchanged.

3. Martabe District Exploration

In 2010-2011, the majority of exploration work was conducted within the vicinity of the existing Martabe deposits. In the second half of 2010, the Martabe district was explored with early stage exploration and drilling campaigns undertaken on a number of targets. This is based on the proven discovery strategy of moving quickly through multiple targets and, after making the decision to drill to resource status, continuing with further work or suspending work on the target until further information is available.

The objectives of the Martabe district exploration programme were to

1. Discover and define additional "oxide" gold-silver resources, i.e. resources with potential for mill feed to the Martabe mill currently under construction;
2. Test the potential for porphyry copper bodies under the known gold-silver deposits; and
3. Maintain a pipeline of exploration projects at early to advanced stages.

The 2010-2011 programme achieved these three objectives.

To complete the first objective, part of the Ramba Joring Inferred Resource was converted to Indicated category and this was subsequently converted to a Reserve with an open pit mine plan. Additionally, the Tor Uluala Resource is likely to be processed in the Martabe mill.

Work commenced on the second objective with four deep holes drilled under the Purnama, Ramba Joring and Tor Uluala deposits. These holes did not discover direct indicators of a buried porphyry copper system under Martabe. However, the drilling shows a very large alteration system associated with the Martabe gold deposits, with extensive argillic and advanced argillic alteration down the complete length of drill holes at Ramba Joring and Tor Uluala.

In addition to the large alteration system, a number of anomalous copper-gold zones were intersected at depth. These include individual metre-wide values of 0.59% copper with 4.13 g/t gold, 0.47% copper with 0.94 g/t gold and 0.31% copper with 3.50 g/t gold. These results show that there is potential for deep high sulphidation style mineralisation under the known Martabe deposits. The size and intensity of the alteration system indicate there may be potential for a porphyry copper system to occur outside the area tested.

To complete the third objective, an ongoing programme of field work, geological interpretation and exploration drilling was undertaken close to Martabe. Multiple targets were tested with best results from the Horas programme. This work has resulted in drill targets for late 2011 at the Tor Uluala Barat, Tor Uluala extensions and the Purnama Dalam and Horas Barat prospects. Refer to Figure 1 for prospect and deposit locations.

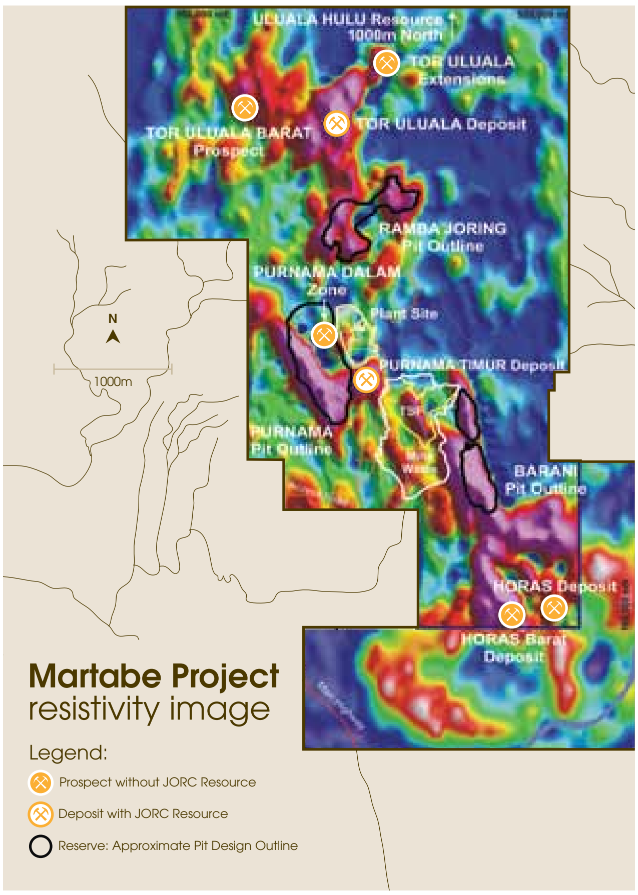


Figure 1: Martabe Project resistivity image of deposit and prospect locations.

Martabe Mineral Resource Estimates, 0.5 g/t Gold Cut-Off Grade

Deposit	Category	Tonnes	Gold Grade	Silver Grade	Contained Metal Gold	Contained Metal Silver
0.5 g/t Au Cut-Off Grade		(Mt)	(g/t Au)	(g/t Ag)	(Moz)	(Moz)
Purnama	Measured	4.36	3.1	53.0	0.43	7.46
	Indicated	36.44	2.0	24.0	2.36	28.46
	Inferred	41.24	1.3	17.0	1.74	22.54
	Total	**82.04**	**1.7**	**22.0**	**4.53**	**58.46**
Purnama Timur	Measured	–	–	–	–	–
	Indicated	2.37	1.3	15.9	0.10	1.21
	Inferred	2.60	1.6	10.8	0.13	0.90
	Total	**4.97**	**1.5**	**13.2**	**0.23**	**2.11**
Ramba Joring	Measured	–	–	–	–	–
	Indicated	33.71	1.0	4.1	1.11	4.47
	Inferred	4.64	0.8	3.7	0.12	0.55
	Total	**38.35**	**1.0**	**4.1**	**1.23**	**5.02**
Barani	Measured	–	–	–	–	–
	Indicated	10.30	1.3	3.5	0.42	1.14
	Inferred	6.60	1.1	2.4	0.24	0.63
	Total	**16.90**	**1.2**	**3.2**	**0.66**	**1.77**
Tor Uluala	Measured	–	–	–	–	–
	Indicated	–	–	–	–	–
	Inferred	22.0	1.0	6.0	0.73	4.29
	Total	**22.0**	**1.0**	**6.0**	**0.73**	**4.29**
Uluala Hulu	Measured	–	–	–	–	–
	Indicated	0.77	2.3	31.0	0.06	0.77
	Inferred	0.49	1.5	12.0	0.02	0.18
	Total	**1.26**	**2.0**	**24.0**	**0.08**	**0.95**
Combined	**Total**	**165.52**	**1.4**	**13.6**	**7.46**	**72.60**

The Measured and Indicated Mineral Resources are inclusive of those Mineral Resources modified to produce the Ore Reserves.

Significant figures do not imply precision. Figures are rounded according to JORC Code guidelines.

The information in this report is based on and accurately reflects reports prepared by the Competent Persons for each Resource Estimation as listed below. All Competent Persons have given consent to the inclusion of the material in the form and context in which it appears in this report.

1. Michael Stewart (Member of AusIMM (209311), employee of Quantitative Group Pty Ltd) was responsible for those aspects of the Purnama resource estimate related to statistical and geostatistical analysis and estimation.
2. Bosta Pratama (Member of AusIMM (211701), employee of Quantitative Group Pty Ltd) was responsible for those aspects of the Purnama resource estimate related to statistical and geostatistical analysis and estimation.
3. Graham Petersen (Member of AusIMM (109633), former employee of G-Resources) was responsible for the remaining aspects of Purnama, Barani and Uluala Hulu resource estimates (including data, geological interpretation and modelling, classification).
4. Stuart Smith (Member of AIG (4180), former employee of G-Resources) was responsible for aspects of the Ramba Joring resource estimate related to data, geological interpretation and modelling.
5. Patrick Adams (Member of AusIMM (112739), employee of Cube Consulting Pty Ltd) was responsible for those aspects of the Ramba Joring resource estimate related to statistical and geostatistical analysis, estimation and classification.
6. David Slater (Member of AusIMM (201414), employee of Coffey Mining Ltd.) was responsible for those aspects of the Barani and Uluala Hulu resource estimates related to statistical and geostatistical analysis, estimation and classification.
7. Christopher Black (Member of AIG (1363) employee of Cube Consulting Pty Ltd) was responsible for those aspects of the Purnama Timur and Tor Uluala resource estimates related to modelling, statistical and geostatistical analysis, estimation and classification.
8. Shawn Crispin (Member and Chartered Professional of AusIMM (110597), employee of G-Resources) was responsible for those aspects of the Purnama Timur and Tor Uluala resource estimates related to modelling, classification, data and geological interpretation.

Resource Geology Superintendant Agus Nur Kasnanto examines a core sample.

Martabe Ore Reserve Estimates

Deposit	Category	Tonnes (Mt)	Gold Grade (g/t Au)	Silver Grade (g/t Ag)	Contained Metal Gold (Koz)	Contained Metal Silver (Koz)
Purnama	Proved Reserves	4.4	3.0	53.5	428	7,548
	Probable Reserves	30.6	2.1	25.3	2,066	24,860
Barani	Probable Reserves	4.5	1.6	2.8	225	412
Ramba Joring	Probable Reserves	6.0	1.6	4.2	315	810
Total Ore Reserves		**45.5**	**2.1**	**23.0**	**3,034**	**33,630**

Significant figures do not imply precision. Figures are rounded according to JORC Code guidelines.

Ore Reserves for Purnama and Barani are estimated using a gold price of US$820/oz and silver price of US$12.50/oz.

Ore Reserves for Ramba Joring are estimated using a gold price of US$1,054/oz and silver price of US$17.50/oz.

Competent Persons: The information relating to Ore Reserves is based on and accurately reflects reports prepared by Mr Quinton de Klerk. Mr de Klerk is a Director and Principal Consultant of Cube Consulting Pty Ltd and qualifies as a "Competent Person" under the JORC Code for Reporting of Mineral Resources and Ore Reserves (JORC, 2004 Edition). Mr de Klerk has attended 3 visits to the Martabe Gold Project site between September 2009 and March 2011. Mr de Klerk consents to the inclusion in the report of the matters based on the information compiled by him, in the form and context in which it appears.

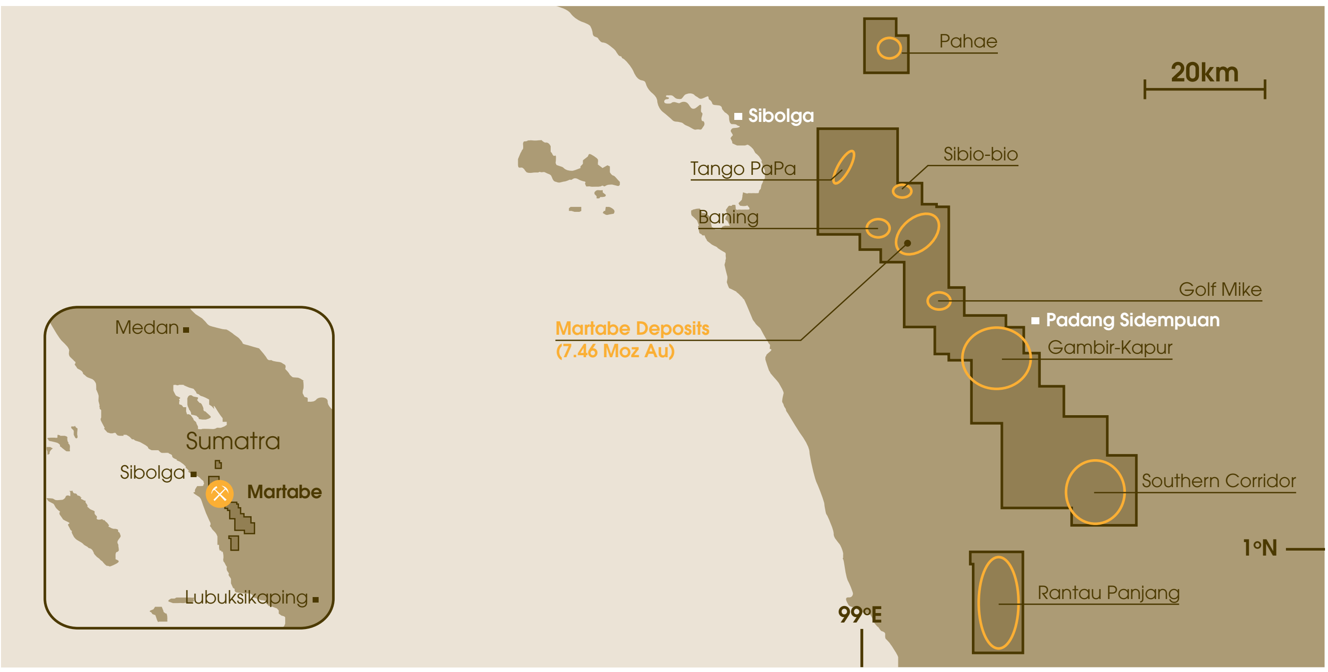
4. Regional exploration

Work in 2010-2011 on the COW focused on geological mapping, surface sampling and interpretation at seven prospects, which together represent a range of geological targets, namely:

- A sediment hosted gold target at the Baning prospect;
- An outcropping epithermal gold target at the Tango Papa prospect;
- A conceptual buried porphyry target based on inversion modelling of detailed aeromagnetic data at the Baning Bullseye prospect,1.5 km north-east of Baning;
- A buried resistivity anomaly at the Baning West prospect, 1 km west of Baning;
- Extension of known gold intersections at the Kapur prospect;
- Extension of known gold intersections at the Gambir prospect; and
- A conceptual porphyry copper target at the Tani Hill prospect near Gambir, based on geophysics and surface mapping completed in late 2010.

These targets were drill ready by June 2011. In addition, an ongoing programme of geophysical and geological interpretation has located several targets with potential for porphyry copper and epithermal gold mineralisation. The 2011-2012 year will see an acceleration of the regional exploration programme.

Helicopter working with the exploration team, transporting personnel and materials.



Location of the mineral deposits and prospects within the COW area.

FOCUS ON SUSTAINABILITY, SAFETY AND COMMUNITY DEVELOPMENT

4.4 MILLION HOURS

Our safety record of 4.4 million hours worked without a lost-time injury is among the best in the industry. This achievement is part of our GREAT core values of social responsibility to our workers, the community and the environment.

Left photo: One of the 1,011 successful patients following cataract surgery.

G-RESOURCES AND SUSTAINABILITY

We are progressively developing an integrated Health, Safety, Environment, and Community Management system, with the objective of international best practice.

G-Resources believes that mines should be developed, operated and decommissioned in a manner that is socially responsible. To achieve this, the Company takes into account a range of potentially complex issues relating to project approval, protection of the environment, and social welfare. By working towards these outcomes in a consistent manner, G-Resources aims to establish and maintain a reputation for being a valued and trusted member of the communities in which we work and live, and an industry leader in safety, the environment and community management.

Like many mines in Indonesia, the Martabe site is located close to local communities and high value natural ecosystems. Our success as a company will therefore depend on our ability to gain and maintain the trust and goodwill of these local communities and minimise our environmental and social impacts. These goals are consistent with the principle of sustainable development, which can be defined as follows:

To meet the needs of the present, without compromising the ability of future generations to meet their own needs. (World Commission on Environment and Development 1987).

This belief in sustainability is reflected in how we approach every aspect of the design and construction of our project, and later will be expressed in how we operate our project. Some key elements of our work towards sustainable development of the Martabe Project are described below.

Environmental Impact Assessment

The process of assessing potential environmental and social impacts resulting from a development and identifying appropriate management strategies to minimise these impacts, is called environmental impact assessment. This process has been a very important part of the development of the Martabe Project.

Indonesian law requires environmental impact assessments to be completed for mining projects. The key Government approval requirement is the AMDAL assessment, which takes into account both environmental and social aspects and issues. It comprises a set of documents, namely an Environmental Impact Analysis, a Management Plan and a Monitoring Plan.

AMDAL documents are open to the public, and community consultation is required as part of the approval process. A first step in the AMDAL is completion of baseline studies. These must address all relevant environmental and social aspects. The approved AMDAL then becomes a compliance document for the operation.

The AMDAL for the Martabe Project was commenced in 2007 and completed in 2008. This work was based on over 25 environmental studies and 13 social studies conducted by a range of consultants since 2000. These consultants were from a wide range of scientific disciplines, including geotechnical and civil engineers, ecologists, hydrologists and sociologists. Approval of the AMDAL was received from Government in 2008.

An integrated Environmental, Health and Community Management System

The successful management of potential environmental and social impacts resulting from a mining operation depends on the implementation of an effective management system. At the Martabe Project, we are progressively developing an integrated Health, Safety, Environment, and Community Management system, with the objective of international best practice.

We call this the *GABE* system. *GABE* is taken from the language of the local Batak people and means *successful life*, encompassing aspects such as wealth, welfare, health, knowledge, social values, respect, and the welfare of future generations. The GABE Management System is being developed in conformance with key international standards and protocols:

ISO 14001	Standard for Environmental Management Systems.
OHSAS 18001	Standard for Occupational Health and Safety Management Systems.
GRI	Protocol for sustainability reporting.
Cyanide Code	Protocol for managing cyanide used in mining.

Our Environmental Policy commits us to

- Best practice environmental management
- A systematic, risk based approach
- Committed leadership
- Engagement with stakeholders
- Compliance
- Planning for closure

Our Community Policy commits us to

- Partnership with the community
- Mutual benefit
- Sustainable development
- Respect for human rights, values and traditions

The GABE standards address risk, define outcomes, assign accountabilities, and are readily auditable by a third-party.

Environmental Management

Continual improvement of environmental performance at our operations to protect biodiversity and prevent pollution is paramount. To achieve our environmental management goals, our management team includes 24 specialist environmental staff, led by an Environmental Manager with international experience. Our environmental management programmes are typical of an open-cut mine in the tropics:

- Environmental monitoring
- Reporting to Government and other stakeholders
- Site rehabilitation
- Runoff water management
- Waste and chemical management
- Closure planning

Roadside area rehabilitation (before and after).

Revegetation Programme – hand planting selected tree species.

Environmental Monitoring at the Martabe Project

Under Indonesian environmental law, mine sites must operate under an approved environmental monitoring plan ("RPL"). The RPL for the Martabe Project specifies a range of sampling requirements – water, air, fauna and flora – that must be done on a regular basis. These samples are collected by mine staff or specialised consultants from a standard set of locations around the site. They are then analysed at independent laboratories to provide an ongoing measure of the quality of the local environment.

Currently, the site is still under construction and most of the potential for impact is related to land clearing. Once operations commence, the use of chemicals will become important, and the monitoring programme will allow us to measure any potential impact from our activities. All results are presented to Government in a twice-annual monitoring report.

Our approved monitoring plan commits us to a comprehensive monitoring programme addressing air quality, soil erosion, water quality and river levels. Results are reported to Government every six months.

We are committed to returning disturbed land to a safe and productive condition. To date, over 90 hectares has been revegetated with legumes, grasses and tree seedlings.

Mining activities include the extraction of gold bearing rock which is processed and waste rock which is stored in safely engineered structures. As is the case with most mines, the waste materials at Martabe have varying geochemical characteristics: some may be acid generating, some may be neutralising and some may be inert. The different characteristics have to be understood so that the optimum mixing of materials can occur in order to eliminate any potential for environmental impact.

At Martabe, testing of waste material has been ongoing since 2004. Detailed waste management plans are being developed. The best-practice management of our waste rock will be ongoing as we develop our understanding over time.

Column testing of waste materials at Martabe.

Tailings and Water Management

The gold mining process produces rock slurry, known as tailings. Tailing management is a critical area in terms of long-term environmental liability, and G-Resources has placed the highest priority on a safe solution for tailings disposal. These measures are summarised as follows:

- All tailings will be contained in a conventional Tailings Storage Facility ("TSF"), engineered to industry best-practice standards;
- Feasibility and detailed design studies have been done by an internationally recognised geotechnical consultancy;
- The stability of the TSF design has been thoroughly assessed, and is designed to be stable under estimated maximum credible earthquake criteria;
- The design complies with stability criteria of the Australian National Committee on Large Dams (ANCOLD);
- We have fully met the requirements of the Indonesian Dam Safety Commission;
- Very extensive water balance modelling has been conducted for the Project; and
- A waste water treatment plant is an integral component of the water management system.

We will continually review our tailings management strategies during operations. We have the benefit of experience of several sites within the country where tailings has been managed to a very high standard within conventional tailings storage facilities.

Safety Management

G-Resources has the goal of zero harm to our employees and contractors who work on our premises. We believe that all industrial accidents are preventable. To reduce the risk of accidents to a very low level requires a highly disciplined and consistent approach, addressing both workplace condition and worker behaviour.

In total, there are 53 people involved in line safety roles. Over 1,980 inspections have been done since the commencement of construction. The very dynamic nature of the construction phase has required a responsive management approach, and a key feature of daily management has been an immediate response to all incidents occurring in the previous 24 hours, allowing rapid implementation of additional safety controls as required to address risk.

A key part of our safety programme is training, and we have a dedicated safety training section that delivers training on a range of topics from general induction to light vehicle operation, working at height and risk assessment.

These coordinated safety management efforts have resulted in an exceptionally good safety performance for a construction site in the wet tropics. At the end of September 2011, the site had achieved 4.4 million man-hours without a lost-time injury.

Community Relations

We respect the cultures, customs and values of the communities in which we do business. Successful management of our relationship with local communities is critical to the success of our Project. We have 27 people in our Community Relations Department to assist in the implementation of a range of special projects and programmes to assist in the development of the local communities. These projects and programmes have included the following:

- Site tours for interested groups and a bi-monthly newsletter;
- Town hall meetings at which the mine management has presented on progress reports and has been available to answer any questions or concerns;
- Humanitarian aid, and financial support for National Day celebrations, religious activities, women's activities and sport and community activities;
- Financial support for improvement of public sanitation, sport facilities, public infrastructure and Government facilities;
- Assistance for a malnutrition recovery program, training for midwives and health volunteers, and an HIV/AIDS prevention programme;
- Assistance in the development of community libraries known as "reading gardens" as well as a community scholarship programme; and
- A local business development programme.

Cataract surgery in progress.

A patient sees again following surgery success.

Cataract Surgery Programme

In April 2011, the World Health Organisation estimated that 284 million people were visually impaired worldwide and that 80% of all visual impairments could be avoided or cured. This year, G-Resources joined with the Indonesian Military and Dr Sanduk Ruit, a renowned and respected humanitarian doctor, to provide free cataract surgery for more than 1,000 underprivileged people. G-Resources donated funding and communication support, while the Indonesian military provided doctors and nurses and facilities for surgery in two locations, Medan and Sidempuan.

The local communities were introduced to the offer of surgery through a series of banners, posters, flyers and communication through G-Resources employees. A total of 1,011 people were operated on between 14 and 24 June. Eleven children below 10 years old received surgery, thirty-three were aged 10-29, ninety-three were aged 30-49, four hundred and seventy-eight were aged 50-69 with the remainder being 70 years and older.

Following surgery, 100% of the patients can now see clearly. This high profile programme provided a positive impact to the local community with long-term sustainable benefits to those involved. An example of some patients who experienced surgery success is given in the case study on page 29.

Reading Gardens

G-Resources together with local government and villagers established reading gardens in two local villages. Two more are now under construction. These provide local children with access to a library where otherwise there would be none.

Local reading garden providing education and fun.

Operator training using the driving simulator.

Employment

Currently the operations group is employing over 800 local persons, comprising about 42% of the total workforce. In Operations, we will be targeting 70% local employment. The promotion of local employment is providing opportunities for training and development previously unavailable to local youth. These are skills that will open up employment opportunities across the country.

Sustainability Reporting

We have decided to conform to the *Global Reporting Initiative ("GRI") Reporting Framework* for corporate sustainability reporting. This is a voluntary international code that assists companies in reporting on sustainability in a consistent and transparent manner, allowing comparison across companies and industries.

In 2011, we assessed the so-called GRI performance indicators based on relevance to our situation and reportability. We will select a number of these for commencement of reporting in 2012, and plan on progressive implementation of this protocol over the next three years.

Case Study

Maslia and Nurasni Lubis are sisters, aged 15 and 19. They are local girls and both were bilaterally blind from cataracts.

Maslia is a smart student in secondary school and is ranked 3rd in her class. Maslia was keen to see and always asked her parents, both farmers, to take her to clinics, but the clinics could not restore her sight. Nurasni had the opposite experience. Constant teasing by friends calling her "blind girl" and the inability to keep up with school work caused low self-esteem and she eventually dropped out of school.

Being blind made it difficult for the girls to enjoy school activities. They couldn't participate in sports or go to school without friends to help. On 16 June 2011 they both had cataract surgery and their vision was restored the very next day. They were delighted with the result and visiting the market to buy purple dresses was high on their to-do-list once they could see.

Nurasni and Maslia leaving after surgery.

Left Nurasni and right Maslia.

REALISING A BRIGHT FUTURE WITH AN EXPERIENCED MANAGEMENT TEAM

DECADES OF MINING EXPERIENCE

Our board and management team have many years' experience working in the mining industry, finance and related fields. Based in Hong Kong, this international team is committed to global standards of corporate governance and transparency.

Left photo: Indonesia Independence Day celebrations at Martabe.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

Executive Directors

Chiu Tao, aged 55

was appointed as the Chairman and an executive director of the Company on 19 August 2009 and 22 July 2009, respectively. Mr Chiu is an experienced executive and merchant, and was engaged as the chairman of various listed companies in Hong Kong. Mr Chiu has extensive experience in the metal business, trading, investment planning, business acquisitions and development, and corporate management. He is currently the Chairman and an executive director of CST Mining Group Limited, whose shares are listed on the main board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") ("CST").

Owen L Hegarty, aged 63

was appointed as Vice-Chairman and an executive director of the Company on 19 August 2009 and 10 May 2009, respectively. Mr Hegarty has some 40 years' experience in the global mining industry. Mr Hegarty had 25 years with the Rio Tinto group where he was Managing Director of Rio Tinto Asia and Managing Director of the Group's Australian copper and gold business. He was the founder and chief executive officer of Oxiana Limited, which grew from a small exploration company to a multi-billion dollar Australia, Asia and Pacific focused base and precious metals producer, developer and explorer. Oxiana Limited later became OZ Minerals Limited.

For his achievements and leadership in the mining industry Mr Hegarty was awarded the AusIMM Institute Medal in 2006 and the G.J. Stokes Memorial Award in 2008.

Mr Hegarty is currently an executive director and the vice-chairman of CST; a non-executive director of Australian Fortescue Metals Group Limited and Tigers Realm Coal Limited (whose shares are both listed on the Australian Stock Exchange); a director of the Australasian Institute of Mining and Metallurgy ("AusIMM"); and a member of a number of Government and industry advisory groups. Mr Hegarty is also Chairman of Tigers Realm Minerals Ltd.

Peter Geoffrey Albert, aged 53

was appointed as the Chief Executive Officer and an executive director of the Company on 22 July 2009. Mr Albert is a metallurgist and holds an Executive MBA degree. He has 30 years of experience in project management, general management and operations management in mining and minerals processing in Australia, Africa and Asia. He is a member of the Institute of Materials, Minerals and Mining (London), a member of the Australasian Institute of Mining and Metallurgy and a Chartered Engineer.

He was the Executive General Manager – Asia of OZ Minerals Limited covering off-shore operations; the Sepon copper and gold operations and projects; the development of the Martabe Project; business development in Asia, and Asian government relations. He joined Oxiana Limited in 2000 from Fluor Daniel, where he held the position of General Manager – Projects. Mr Albert has also worked with Shell-Billiton (Australia), Aker Kvaerner (Australia) and JCI (South Africa).

Ma Xiao, aged 46

was appointed as the Deputy Chief Executive Officer and an executive director of the Company on 22 July 2009. Mr Ma has over 20 years of international minerals and metals trading, financing and hedging experience. Mr Ma also has extensive experience in mineral company acquisitions and development. He previously held senior and executive positions with several base and precious metals companies, including China Minmetals. Mr Ma was based in London for four years working for Minmetals (UK) Limited and was the Managing Director of Guizhou H-Gold & Mining Limited and was a director of the China Minerals Acquisition Fund.

Wah Wang Kei, Jackie, aged 44

was appointed as an executive director and Company Secretary of the Company on 9 April 2008 and 1 December 2009, respectively. Mr Wah graduated from The University of Hong Kong in 1990. He is a practising solicitor in Hong Kong and was qualified as a solicitor in 1992. Up until 1997, Mr Wah was a partner of a Hong Kong law firm. Mr Wah is currently an executive director of Fulbond Holdings Limited, whose shares are listed on the main board of the Stock Exchange ("Fulbond") and an executive director of CST.

Hui Richard Rui, aged 43

was appointed as an executive director of the Company on 5 March 2009. Mr Hui graduated from the University of Technology in Sydney, Australia with a Bachelor's degree in Mechanical Engineering. He has more than 10 years' experience in management positions with companies in Australia, Hong Kong and PRC. Mr Hui is currently an executive director of CST and an executive director of China Strategic Holdings Limited, whose shares are listed on the main board of the Stock Exchange ("China Strategic").

Kwan Kam Hung, Jimmy, aged 49

was appointed as an executive director of the Company on 25 March 2009. Mr Kwan was engaged as a senior manager with various listed companies in Hong Kong. He has over 15 years of experience in the fields of finance and accounting and corporate management. Mr Kwan is currently an executive director of CST and an executive director of Fulbond.

Non-Executive Director

Tsui Ching Hung, aged 58

was appointed as an executive director of the Company on 5 March 2009 and redesignated as a non-executive director of the Company on 22 July 2009. Mr Tsui holds a Master of Science degree in Polymer Science and a Master of Business Administration degree from the University of Aston and University of Warwick in the United Kingdom, respectively. He has over 10 years of experience in senior management positions with several multinational corporations in Hong Kong. Mr Tsui is currently an executive director of CST and an independent non-executive director of Rising Development Holdings Limited, whose shares are listed on the main board of the Stock Exchange.

Independent Non-Executive Directors

Or Ching Fai, aged 61

was appointed as a Vice-Chairman and an independent non-executive director of the Company on 22 July 2009. Mr Or began his career with The Hongkong and Shanghai Banking Corporation Limited in 1972 after receiving a bachelor's degree in Economics and Psychology from the University of Hong Kong. He was the Vice-Chairman, Chief Executive Officer and an executive director of Hang Seng Bank, whose shares are listed on the main board of the Stock Exchange. Mr Or was also an independent non-executive director of Hutchison Whampoa Limited and Cathay Pacific Airways Limited; the shares of both companies are listed on the main board of the Stock Exchange. Mr Or is currently an independent non-executive director of Esprit Holdings Limited, Vice-Chairman, Chief Executive Officer and an executive director of China Strategic.

Ma Yin Fan, aged 47

was appointed as an independent non-executive director of the Company on 25 March 2009. She obtained a bachelor's degree with honours in accountancy at Middlesex University in the United Kingdom. She also holds an MBA and Master in Professional Accounting degree from Heriot-Watt University in the United Kingdom and Hong Kong Polytechnic University, respectively. Ms Ma is a CPA (Practising) in Hong Kong and has been working in auditing, accounting and taxation for more than 20 years. She is the principal of Messrs Ma Yin Fan & Company CPAs. Ms Ma is a fellow of the Hong Kong Institute of Certified Public Accountants, Taxation Institute of Hong Kong, Association of Chartered Certified Accountants, Hong Kong Institute of Chartered Secretaries and Institute of Chartered Secretaries and Administrators. She is also a member of the Institute of Chartered Accountant in England and Wales and a certified Tax Adviser in Hong Kong. Ms Ma is currently an independent non-executive director of China Strategic and an independent non-executive director of Fulbond.

Leung Hoi Ying, aged 60

was appointed as an independent non-executive director of the Company on 31 March 2009. Mr Leung graduated from the Guangdong Foreign Trade School in the People's Republic of China. He has over 30 years of experience in international trade and business development. Mr Leung is currently an independent non-executive director of China Strategic and an independent non-executive director of Fulbond.

Senior Management

Arthur Ellis, aged 50

was appointed Chief Financial Officer of the Company on 1 December 2009. Mr Ellis is a member of the Institute of Chartered Accountants in Australia and holds a BA (Hons) Accounting and Finance degree. He has over 15 years' experience in the resources industry. He was the Group Financial Controller for Kingsgate Consolidated Limited ("Kingsgate"), an ASX listed gold mining company. He joined Kingsgate in 2000 as Financial Controller at the start of the construction of the Chatree Gold mine in Thailand. Prior to that, he worked in Australia and Hong Kong and provided accounting, corporate, tax and auditing services.

Timothy John Vincent Duffy, aged 45

was appointed as the General Manager of Operations of the Company on 8 June 2009. Mr Duffy is a Certified Practicing Accountant and holds a bachelor's degree in Commerce. He has almost 20 years of experience in the mining industry and has operational experience in gold, silver, nickel, copper, uranium, coal, and open cut and underground mining operations. He has been engaged in finance and commercial roles in mining projects and has strategic capability across the full suite of mining activities in an Asian environment. Mr Duffy was the General Manager Finance – Asia of OZ Minerals Limited, mainly responsible for providing commercial guidance and strategic direction for Asian operations and business.

Linda H D Siahaan, aged 50

was appointed as the Director Government Relations for G-Resources' Indonesian subsidiary, PT Agincourt Resources ("PTAR") on 31 March 2011. Ms Siahaan is based in Jakarta, where she has worked for PTAR since July 2007. Her responsibilities include maintaining harmonious relationships with the government of the Republic of Indonesia to ensure that the Company complies with Indonesian laws and regulations. She is also responsible for establishing and maintaining relationships with all relevant stakeholders. Ms Siahaan is from Medan in North Sumatra, the province where the G-Resources Martabe Mine is located. She has accounting qualifications from the University of North Sumatra, as well as a diploma in communications from the Ketchum Institute of Public Relations in Fairfax, USA. Ms Siahaan began her career with Mobil Oil Indonesia. From 1997 until 2007, she worked in the External Relations department of PT Newmont Nusa Tenggara, one of the largest copper and gold mining companies in the world.

Graeme Walsh, aged 56

was appointed as General Manager Projects on 8 August 2010. Mr Walsh is a Member of the Australian Institute of Engineering Associates. He has more than 30 years experience in project and construction management in Australia, the Middle East, Central and South East Asia. Mr Walsh has worked for a number of the major international construction and project management companies including Barclay Mowlen, Kinhill, Leighton, Transfield and Ausenco. He has also worked on international projects for the British Foreign Office, the United Nations and US Aid. He was most recently the Project Manager for Centerra Gold on the Gatsuurt Project in Mongolia.

Shawn David Crispin, aged 43

was appointed as Senior Manager, Resource Development and Exploration on 6 November 2010. Mr Crispin has over 18 years mining industry experience which covers open pit and underground mine geology, resource drilling and estimation programmes, project acquisition and greenfields and brownfields exploration. This experience was gained with a wide range of commodities including gold and copper. He is an Australian citizen with international experience in Papua New Guinea and South America. Previously Mr Crispin was Principal Exploration Geologist for OK Tedi Mining Ltd in Papua New Guinea. Mr Crispin is a member of the AusIMM and Chartered Professional.

MANAGEMENT DISCUSSION AND ANALYSIS

We are committed to optimising the Martabe asset and developing a pipeline of projects of similar quality that will enable us to be producing one million ounces of gold per annum within five years.

Key Financial Information

	2011 *USD'000*	2010 *USD'000*
Financial Position		
Current Asset		
Bank balances and cash	**135,627**	279,508
Others	**5,936**	23,250
Non-current Assets	**500,698**	317,462
Total Assets	**642,261**	620,220
Total Debts	**–**	–
Other Liabilities	**(52,063)**	(18,126)
Net Assets	**590,198**	602,094
Income Statement		
Turnover	**535**	747
Gross profit	**155**	128
EBITDA	**(21,187)**	(45,174)
Loss before taxation	**(21,427)**	(45,297)
Taxation	**22**	–
Loss for the year	**(21,405)**	(45,297)

Business Review

During the year 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 USD163 million in exploration and development activities during the year ended 30 June 2011. The same is summarised in the following key categories:

	Mine Property & Development* USD'000	Regional Exploration & Evaluation USD'000	Construction in Progress USD'000
Land holding fee	267	–	235
Assets and equipment	444	19	65,825
Earthworks and access	5,186	–	47,099
Drilling and assays expense	5,146	3	585
Consultancy and advisory	1,536	118	3,809
Staff cost	12,210	928	1,365
Transportation cost	485	2	1,539
Others	10,902	355	5,060
Sub-total	**36,176**	**1,425**	**125,517**
Total			**163,118**

* *includes costs incurred on near mine exploration and evaluation.*

Results

The Martabe Project of the Company is still under construction and is not generating any revenue for the Company. For the year ended 30 June 2011, the Group's turnover amounted to approximately USD0.5 million, which was mainly generated from the financial information services (WINFCS) for the year under review (2010: USD0.7 million).

Loss attributable to owners of the Company from the operations for the current year was approximately USD21.4 million, compared to a loss of approximately USD45.3 million in the corresponding year of 2010, representing a decrease of 53%. The reduction in loss was mainly due to (i) the relatively stable performance of the Group's investment portfolio which recorded a loss of USD4.1 million as a result of fair value changes of held for trading investment in the current year as compared with a loss of approximately USD22.2 million recorded for the year ended 30 June 2010; (ii) the Group has effectively reduced its administrative expense by approximately USD2.1 million from USD21.4 million for 2010 to USD19.3 million for the year under review; and (iii) increase in interest income of USD1.6 million generated from the available for sale investment.

Net Asset Value

As at 30 June 2011, the Group's total net asset amounted to approximately USD590 million, represented a decrease of USD12 million as compared to approximately USD602 million as at 30 June 2010. The decrease in net assets was attributable to the general running cost of the Group during the non-revenue generating construction period of its mine operation.

Liquidity and Financial Resources

The Group recorded a net cash outflow of approximately USD144 million during the year ended 30 June 2011 of which approximately USD131 million was applied in the capital expenditure of the mine operation. As at 30 June 2011, cash and bank balances of the Group amounted to approximately USD136 million (2010: approximately USD280 million). Bank deposit of approximately USD92,000 was pledged to a bank to secure the cutting tree permit granted to a subsidiary of the Group as at 30 June 2011 (2010: USD92,000).

As at 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 subsidiary of the Company, were granted to an independent third party to secure certain contractual obligations of PT Agincourt Resources to pay royalty to this independent third party. The charges were released during the year upon entering into a deed of release and a deed of indemnity with third parties.

The Group's gearing ratio, expressed as the percentage of the Group's total borrowings over shareholders' equity, was nil at 30 June 2011 (2010: nil) as the Group did not have any borrowings as at 30 June 2011 and 2010.

Material Acquisitions and Disposals of Subsidiaries and Associated Companies

There was no material acquisition or disposal of subsidiaries and associated companies during the year.

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

Business Outlook

With gold prices hitting unprecedented highs, we at G-Resources are working steadily and diligently to complete our mine and begin gold production.

Looking beyond Martabe, we are maintaining our strategy of growing G-Resources into a leading Asia-Pacific gold company. Although we are currently focused on Martabe as our core starter asset, we have and will continue to evaluate potential new opportunities in the region according to our strict quality criteria. We are committed to optimising the Martabe asset and developing a pipeline of projects of similar quality that will enable us to be producing one million ounces of gold per annum within five years.

Human Resources

As at 30 June 2011, the Group had 28 employees in Hong Kong, 289 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 senior staff.

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.

DIRECTORS' REPORT

G-Resources' top-flight management team has deep knowledge and experience in mining, finance and other professions, as well as a strong commitment to the success of the Martabe Project.

The Board is pleased to present their report and the audited financial statements for the year ended 30 June 2011.

Principal Activities

The principal activity of the Company is gold and related metals mining business. The principal activities of the Company's subsidiaries as at 30 June 2011 are set out in note 33 to the financial statements.

Results and Dividend

The results of the Group for the year ended 30 June 2011 are set out in the consolidated income statement on page 57 of the annual report.

The Board does not recommend the payment of a dividend during the year.

Financial Summary

A summary of the results and of the assets and liabilities of the Group for the past five financial years is set out on page 102 of the annual report.

Reserves

Details of the movements during the year in the reserves of the Group are set out in the consolidated statement of changes in equity on page 60 to the annual report.

Share Capital and Share Options

Details of movements in the Company's share capital and share options during the year are set out in notes 21 and 22 to the financial statements, respectively.

Contributed Surplus

Under the Companies Act 1981 of Bermuda (as amended), the contributed surplus is available for distribution to shareholders. However, the Company shall not declare or pay a dividend or make a distribution out of contributed surplus if there are reasonable grounds for believing that:

(a) the Company is, or would after the payment be, unable to pay its liabilities as they become due; or

(b) the realisable value of the Company's assets would thereby be less than the aggregate of its liabilities and its issued share capital and share premium accounts.

Property, Plant and Equipment

Details of the movements in the property, plant and equipment of the Group during the year are set out in note 12 to the financial statements.

Directors

The directors of the Company (the "Directors") during the year and up to the date of this report are:

Executive Directors

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

Non-Executive Director

Tsui Ching Hung

Independent Non-Executive Directors

Or Ching Fai (Vice-Chairman)
Ma Yin Fan
Leung Hoi Ying

In accordance with clause 99 of the Company's Bye-laws, at each annual general meeting one third of the Directors for the time being, or, if their number is not three or a multiple of three, then the number nearest but not less than one-third, shall retire from office by rotation. Accordingly, Mr Owen L Hegarty, Mr Peter Geoffrey Albert, Mr Hui Richard Rui and Mr Wah Wang Kei, Jackie will retire by rotation at the forthcoming annual general meeting. Each of Mr Owen L Hegarty, Mr Peter Geoffrey Albert, Mr Hui Richard Rui and Mr Wah Wang Kei, Jackie, being eligible, have offered themselves for re-election.

The term of office of each Non-Executive Director is the period from the date of appointment up to his retirement by rotation as required by the Company's Bye-laws.

Directors' Service Contracts

Mr Owen L Hegarty was appointed for a term of 3 years expiring on 9 May 2012. Mr Peter Geoffrey Albert was appointed for a term of 3 years expiring on 9 May 2012 and subsequently extended to 31 December 2012.

Save as disclosed above, none of the directors being proposed for re-election at the forthcoming annual general meeting has a service contract with the Company or any of its subsidiaries which is not determinable by the Group within one year without payment of compensation, other than statutory compensation.

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

The Company has not redeemed any of its securities during the year ended 30 June 2011. Neither the Company nor any of its subsidiaries has purchased or sold any of the Company's securities during the year.

Directors and Executive Officers' Interests in Securities

At 30 June 2011, 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 Chief Executives 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, underlying shares of the Company

	Number of *shares / underlying shares					
Name of Director/ Executive Officers	**Personal interests**	**Corporate interests**	**Share options**	**Total**	**Approximate % of the issued share capital of the Company**	***Notes***
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	9,999,000	–	109,000,000	118,999,000	0.84%	
Peter Geoffrey Albert ("Mr Albert")	33,213,000	–	301,681,050	334,894,050	2.38%	2
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:

1. 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.

2. 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 or 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 by the Company pursuant to the Model Code required to be disclosed in accordance with the Listing Rules as at 30 June 2011.

Share Option

Particulars of the share option scheme of the Company are set out in note 22 to the financial statements.

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 year ended 30 June 2011:

Name or Category of participants	Date of grant	Exercisable period	*Notes*	Exercise price HK$	Outstanding as at 01.07.2010
(a) Directors					
Chiu Tao	23.11.2009	23.11.2009-22.11.2014	1	0.5500	140,000,000
	01.12.2010	01.12.2010-30.11.2015	2	0.7000	–
Owen L Hegarty	01.12.2010	01.12.2010-30.11.2015	2	0.7000	–
Or Ching Fai	23.11.2009	23.11.2009-22.11.2014	1	0.5500	9,000,000
	03.03.2011	03.03.2011-02.03.2016	2	0.7000	–
Peter Geoffrey Albert	01.12.2010	01.12.2010-30.11.2015	2	0.7000	–
Ma Xiao	20.10.2009	20.10.2009-19.10.2014	1	0.4800	3,954,057
	23.11.2009	23.11.2009-22.11.2014	1	0.5500	31,045,943
	01.12.2010	01.12.2010-30.11.2015	2	0.7000	–
Wah Wang Kei, Jackie	20.10.2009	20.10.2009-19.10.2014	1	0.4800	3,954,057
	23.11.2009	23.11.2009-22.11.2014	1	0.5500	31,045,943
	01.12.2010	01.12.2010-30.11.2015	2	0.7000	–
Hui Richard Rui	20.10.2009	20.10.2009-19.10.2014	1	0.4800	3,954,057
	23.11.2009	23.11.2009-22.11.2014	1	0.5500	31,045,943
	01.12.2010	01.12.2010-30.11.2015	2	0.7000	–
Kwan Kam Hung, Jimmy	23.11.2009	23.11.2009-22.11.2014	1	0.5500	15,000,000
	01.12.2010	01.12.2010-30.11.2015	2	0.7000	–
Total for Directors					**269,000,000**
(b) Employees	20.10.2009	20.10.2009-19.10.2014	1	0.4800	25,546,266
	23.11.2009	23.11.2009-22.11.2014	1	0.5500	19,200,000
	04.12.2009	04.12.2009-03.12.2014	1	0.5500	28,000,000
	13.05.2010	13.05.2010-12.05.2015	1	0.5500	5,000,000
	01.12.2010	01.12.2010-30.11.2015	2	0.7000	–
	01.12.2010	01.12.2010-30.11.2015	2	0.6000	–
	01.12.2010	01.12.2010-30.11.2015	3	0.6000	–
	02.03.2011	02.03.2011-01.03.2016	2	0.7000	–
Total for Employees					**77,746,266**
(c) Others	23.11.2009	23.11.2009-22.11.2014	1	0.5500	4,000,000
	01.12.2010	01.12.2010-30.11.2015	2	0.6000	–
Total for Others					**4,000,000**
Total for Scheme					**350,746,266**

Notes:

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.

2. The share options will vest upon the occurrence of:
   i) as to 50%, upon the first gold production by G-Resources Martabe Pty Ltd and its subsidiary under the Martabe Project;

Granted during the year	Exercised during the year	Cancelled during the year	Lapsed during the year	Outstanding as at 30.06.2011	Market value per share at date of grant of options HK$	Option value per share HK$
–	–	–	–	140,000,000	0.5400	0.2412
140,000,000	–	–	–	140,000,000	0.5200	0.1814
120,500,000	–	–	–	120,500,000	0.5200	0.1814
–	–	–	–	9,000,000	0.5400	0.2412
100,000,000	–	–	–	100,000,000	0.5400	0.2170
100,000,000	–	–	–	100,000,000	0.5200	0.1814
–	–	–	–	3,954,057	0.4750	0.2288
–	–	–	–	31,045,943	0.5400	0.2412
15,000,000	–	–	–	15,000,000	0.5200	0.1814
–	–	–	–	3,954,057	0.4750	0.2288
–	–	–	–	31,045,943	0.5400	0.2412
15,000,000	–	–	–	15,000,000	0.5200	0.1814
–	–	–	–	3,954,057	0.4750	0.2288
–	–	–	–	31,045,943	0.5400	0.2412
15,000,000	–	–	–	15,000,000	0.5200	0.1814
–	–	–	–	15,000,000	0.5400	0.2412
6,500,000	–	–	–	6,500,000	0.5200	0.1814
512,000,000	**–**	**–**	**–**	**781,000,000**		
–	–	(20,168,105)	–	5,378,161	0.4750	0.2288
–	–	(5,350,000)	–	13,850,000	0.5400	0.2412
–	–	–	–	28,000,000	0.5200	0.2289
–	–	–	–	5,000,000	0.4750	0.1929
28,109,194	–	(6,000,000)	–	22,109,194	0.5200	0.1814
34,900,000	–	(6,500,000)	–	28,400,000	0.5200	0.2021
25,000,000	–	–	–	25,000,000	0.5200	0.2021
27,500,000	–	–	–	27,500,000	0.5400	0.2174
115,509,194	**–**	**(38,018,105)**	**–**	**155,237,355**		
–	–	–	–	4,000,000	0.5400	0.2412
3,000,000	–	–	–	3,000,000	0.5200	0.2021
3,000,000	**–**	**–**	**–**	**7,000,000**		
630,509,194	**–**	**(38,018,105)**	**–**	**943,237,355**		

ii) 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

iii) 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 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.

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 year under review were as follows:

Name or Category of participants	Date of grant	Exercisable period	*Note*	Exercise price HK$	Outstanding as at 01.07.2010	Granted during the year	Exercised during the year	Cancelled during the year	Lapsed during the year	Outstanding as at 30.06.2011	Market value per share at date of grant of options HK$	Option value per share HK$
(a) Directors												
Owen L Hegarty	15.07.2009	24.07.2009 -23.07.2014	1	0.3850	201,681,050	–	–	–	–	201,681,050	0.4150	0.1962
Peter Geoffrey Albert	15.07.2009	24.07.2009 -23.07.2014	1	0.3850	201,681,050	–	–	–	–	201,681,050	0.4150	0.1962
Total for Directors					**403,362,100**	**–**	**–**	**–**	**–**	**403,362,100**		
(b) Employees	15.07.2009	03.08.2009 -02.08.2014	1	0.4025	66,689,197	–	–	(39,798,391)	–	26,890,806	0.4150	0.1959
Total for Employees					**66,689,197**	**–**	**–**	**(39,798,391)**	**–**	**26,890,806**		
Total					**470,051,297**	**–**	**–**	**(39,798,391)**	**–**	**430,252,906**		

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 period 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.

Valuation of Share Options

The valuation of share options is set out in note 22 to the financial statements.

Retirement Benefit Scheme

Details of the Group's retirement benefit scheme for the year ended 30 June 2011 are set out in note 31 to the financial statements.

Directors' and Executive Officers' Rights to Acquire Shares or Debentures

Save as disclosed in the section headed "Directors and Executive Officers' Interests in Securities" disclosed above, at no time during the year was the Company or its subsidiaries or jointly controlled entity a party to any arrangement that enabled any Director or Executive Officer to acquire benefits by means of the acquisition of shares in or debentures of the Company or of any other body corporate.

Save as disclosed above, none of the Directors or Executive Officers or their spouses or children under the age of 18 had any right to subscribe for the securities of the Company or had exercised any such right during the year.

Directors' Interests in Contracts of Significance

No contracts of significance to which the Company or any of its subsidiaries was a party and in which a Director of the Company or any of its subsidiaries had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

Directors' Interest in Competing Business

During the year up to the date hereof, none of the Directors of the Company, or any of their respective associates (as defined in the Listing Rules) had any material interest in a business that competes or may compete with the business of the Group.

Independent Non-Executive Directors

The Company has received from each of its independent non-executive directors written confirmation of their independence pursuant to Rule 3.13 of the Listing Rules.

Discloseable Interests and Short Positions of Persons other than Directors and Executive Officers

As at 30 June 2011, 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	Approximate % of the issued share capital	*Notes*
CST Mining Group Limited ("CST")	Interest of a controlled corporation	1,392,391,571 (L)	9.90%	2
Skytop Technology Limited ("Skytop")	Beneficial owner	1,392,391,571 (L)	9.90%	2
BlackRock, Inc.	Interest of a controlled corporation	1,292,658,000 (L) 30,000,000 (S)	9.18% 0.21%	3 3
JPMorgan Chase & Co. ("JPMorgan")	Beneficial owner/ Investment manager	1,267,287,282 (L)	9.01%	4
	Custodian corporation/ Approved lending agent	590,385,192 (P)	4.20%	
McGoldrick Mark	Interest of a controlled corporation	1,231,364,050 (L)	8.75%	
Mount Kellett Capital Management GP LLC	Investment manager	1,231,364,050 (L)	8.75%	

Notes:

1. "L" denotes long position, "S" denotes short position and "P" denotes lending pool.
2. 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.
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 is deemed to be interested in these interests through its controlling interests of 100% in all of the above companies.

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 30 June 2011.

Major Customers and Suppliers

The aggregate percentage of turnover attributable to the Group's five largest customers is less than 30% of the Group's total turnover for the year. Purchases from the five largest suppliers accounted for approximately 92% of the total purchase for the year, and purchases from the largest supplier included therein amounted to approximately 70%.

At no time during the year, none of the Directors, their associates or the shareholders of the Company, which to the knowledge of the Directors owned more than 5% of the Company's issued share capital, had any interests in the above suppliers.

Pre-emptive Rights

There are no provisions for pre-emptive rights under the Company's Bye-laws or the applicable laws of Bermuda, which would oblige the Company to offer new shares on a pro-rata basis to the existing shareholders.

Emolument Policy

The emolument policy of the employees of the Group is set up by the board of Directors on the basis of their merit, qualifications and competence. The emoluments of the Directors of the Company are decided by the Directors, who are authorised by the shareholders in the annual general meeting, having regard to the Group's operating results, individual performance and comparable market statistics. The Company has adopted a share option scheme as an incentive to Directors and eligible employees, details of which are set out in note 22 to the financial statements.

Public Float

From information publicly available to the Company and within the knowledge of the Directors, the Company has maintained the prescribed public float under the Listing Rules at all times during the year under review and as at the date of this report.

Corporate Governance

The information set out in pages 49 to 53 and information incorporated by reference, if any, constitutes the Corporate Governance Report of the Company.

Audit Committee

The Company has established an audit committee with written terms of reference based upon the recommendations set out in *A Guide for Effective Audit Committees* published by the Hong Kong Institute of Certified Public Accountants and the code provisions set out in the Corporate Governance Code. The duties of the audit committee include reviewing the Company's annual reports and interim reports and providing advice and comments thereon to the Directors. The audit committee is also responsible for reviewing and supervising the financial reporting and internal control procedures of the Group.

As at the date of this report, the audit committee comprises three independent non-executive Directors, namely, Mr Or Ching Fai, Ms Ma Yin Fan, and Mr Leung Hoi Ying, with Mr Or Ching Fai being the chairman of the committee. The audited financial statements of the Company for the year ended 30 June 2011 have been reviewed by the audit committee.

Auditors

SHINEWING (HK) CPA Limited, who acted as the auditor of the Company since 2005, resigned on 14 May 2009 and Deloitte Touche Tohmatsu was appointed as the auditor of the Company on 14 May 2009.

The consolidated financial statements of the Group for the year ended 30 June 2011 have been audited by Deloitte Touche Tohmatsu who shall retire and, being eligible, offer themselves for re-appointment in the forthcoming annual general meeting. A resolution for their re-appointment as auditors of the Company will be proposed at the forthcoming annual general meeting.

On behalf of the Board

Chiu Tao
Chairman

Hong Kong, 29 September 2011

CORPORATE GOVERNANCE REPORT

The Group is committed to maintaining a high standard of corporate governance, enhancing transparency to protect shareholders' interests, and formalising the best practices of corporate governance.

The Group is committed to maintaining a high standard of corporate governance and enhancing its transparency so as to protect shareholders' interest in general. The Group will continue to raise the standard by formalising the best practices of corporate governance as far as possible.

The Company has adopted the code provisions set out in the Code of Corporate Governance Practices (the "Corporate Governance Code") contained in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") as its own code of corporate governance practices.

Board of Directors

As at 30 June 2011, the board of Directors (the "Board") of the Company comprised seven executive directors, one non-executive director and three independent non-executive directors ("INEDs") (collectively the "Directors").

Save as disclosed under the section headed "Biographical Details of Directors and Senior Management" of this annual report, there is no financial, business, family or other material/relevant relationship between the Directors and the Board, which is comprised of the following:

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

Non-Executive Director
Tsui Ching Hung

Independent Non-Executive Directors
Or Ching Fai (Vice-Chairman)
Ma Yin Fan
Leung Hoi Ying

The principal functions of the Board are to supervise the management of the business and Company's affairs; to approve the Company's strategic plans, investment and funding decisions; to review the Group's financial performance and operative initiatives. The role of the INEDs is to bring an independent and objective view to the Board's deliberations and decisions. The INEDs must have appropriate professional qualifications, or accounting or related financial management expertise, so that they are of sufficient calibre and number for their views to carry weight. The INEDs may also take independent professional advice at the Company's expense in carrying out their functions. Thus, the Board considers the current board size as adequate for its present operations. The day-to-day running of the Company is delegated to the management, with divisional heads responsible for different aspects of the business.

The Company has received from each of the INEDs an annual confirmation of his independence pursuant to Rule 3.13 of the Listing Rules. The Company considers all of the INEDs to be independent.

The Board has delegated the management of the daily operation and investment matters of the Company and its subsidiaries to an investment and management committee ("IMC"). The IMC comprised 5 members of the Board, namely, Mr Chiu Tao, Mr Owen L Hegarty, Mr Peter Geoffrey Albert, Mr Ma Xiao and Mr Hui Richard Rui.

The Board will also conduct meetings on a regular basis and on an ad hoc basis, as required by business needs. The Bye-laws of the Company allow board meetings to be conducted by way of telephone or videoconference. The Board held a total of 4 full board meetings during the year, and the individual attendance records are as follows:

Name of Director	Number of Full Board Meetings Attended	Attendance Rate
Executive Directors		
Chiu Tao	4/4	100%
Owen L Hegarty	4/4	100%
Peter Geoffrey Albert	4/4	100%
Ma Xiao	4/4	100%
Wah Wang Kei, Jackie	4/4	100%
Hui Richard Rui	4/4	100%
Kwan Kam Hung, Jimmy	4/4	100%
Non-Executive Director		
Tsui Ching Hung	4/4	100%
Independent Non-Executive Directors		
Or Ching Fai	3/4	75%
Ma Yin Fan	4/4	100%
Leung Hoi Ying	4/4	100%

Chairman and Chief Executive Officer

The posts of Chairman and the Chief Executive Officer are separate and are not held by the same individual to ensure their independence, accountability and responsibility. The Chairman is responsible for overseeing the function of the Board and formulating overall strategies and policies of the Company. The Chief Executive Officer, supported by other members and the senior management, is responsible for managing the Group's business, implementing major strategies, making day-to-day decisions and coordinating overall business operations.

Directors' Securities Transactions

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Companies contained in Appendix 10 of the Listing Rules (the "Model Code") as the code of conduct regarding directors' securities transactions.

Having made specific enquiry of all Directors, the Company confirmed that all Directors have complied with the required standard set out in the Model Code throughout the year under review.

Directors' Responsibility for the Financial Statements

The Directors acknowledge their responsibility to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Group and in presenting the interim and annual financial statements and announcements to shareholders, the Directors aim to present a balanced and understandable assessment of the Group's position and prospects.

Remuneration Committee

As at 30 June 2011, the Remuneration Committee comprised three members, all of whom are INEDs, namely, Mr Or Ching Fai (Chairman), Ms Ma Yin Fan and Mr Leung Hoi Ying. The primary function of the Remuneration Committee is to make recommendations to the Board on the remuneration of Directors and senior management.

The roles and duties of the Remuneration Committee are to

- conduct regular reviews of the remuneration policy of the Group's Directors and senior management;
- make recommendations to the Board on the policy and structure of the remuneration of the Company's Directors and senior management and on establishment of a formal and transparent procedures for developing remuneration policy;
- make recommendations to the Board on remuneration packages of the Company's Directors;
- review and approve performance-based remuneration by reference to corporate goals and objectives resolved by the Board from time to time;
- review the proposals for the award of share options to executive directors and senior management based on their performance and contribution to the Company from time to time;
- recommend to the Board of the structure of long-term incentive plans for executive directors and certain senior management; and
- review the terms of reference of the Remuneration Committee.

The Remuneration Committee met once during the year, and the individual attendance records are set out below:

Name of Member	Number of Remuneration Committee Meeting Attended	Attendance Rate
Or Ching Fai	1/1	100%
Ma Yin Fan	1/1	100%
Leung Hoi Ying	1/1	100%

Audit Committee

As at 30 June 2011, the Audit Committee comprised three members, all of whom are INEDs, namely, Mr Or Ching Fai (Chairman), Ms Ma Yin Fan and Mr Leung Hoi Ying. The primary duties of the Audit Committee are to review and supervise the financial reporting process and internal control procedures of the Group.

In accordance with the terms of reference of the Audit Committee, the Audit Committee meets at least twice a year to review the interim results and the final results of the Company. The terms of reference of the Committee are aligned with the recommendations set out in *A Guide For Effective Audit Committees* issued by the Hong Kong Institute of Certified Public Accountants and the code provisions set out in the Corporate Governance Code.

The major duties of the Audit Committee are to

- consider the appointment of the external auditors and the audit fee;
- discuss with the external auditors before the audit commences, the nature and scope of the audit and confirm their independence and objectivity;
- review the interim and annual financial statements before submission to the Board;
- discuss problems and reservations arising from the interim and final audits, and any matters the auditors may wish to discuss (in the absence of management where necessary);
- review the external auditor's management letter and management's response; and
- review the terms of reference of the Audit Committee.

The Audit Committee met twice during the year, and the individual attendance records are set out below:

Name of Member	Number of Audit Committee Meeting Attended	Attendance Rate
Or Ching Fai	2/2	100%
Ma Yin Fan	2/2	100%
Leung Hoi Ying	2/2	100%

Auditor's Remuneration

For the year ended 30 June 2011, the Group engaged Deloitte Touche Tohmatsu, auditors of the Company, to perform audit service. Their reporting responsibilities on the financial statements of the Group are set out in the Independent Auditor's Report on page 56 of this annual report.

The services provided by Deloitte Touche Tohmatsu and the fees thereof were as follows:

Nature of services	2011 *USD'000*
Audit services	175
Non-audit services in relation to tax advisory	2
	177

Nomination of Directors

The Company has not set up any nomination committee. Directors are responsible for identifying suitable qualified individuals for directorship and making recommendation to the Board for consideration. The Board will identify and recommend the proposed candidates to the Board for approval of an appointment as a Director based on certain criteria such as appropriate experience and personal skills that the nominated individual can bring to the Board, his or her capability to maintain and improve the competitiveness of the Company, and his or her ability to contribute to the Board in formulating Company policy and strategies, as well as effective ways of discharging the Board's responsibilities.

Internal Control and Risk Management

The Board has overall responsibility for maintaining a sound and effective internal control system for the Group. The Group's system of internal control, which includes a defined management structure with limits of authority, is designed to help the achievement of business objectives, safeguard assets against their unauthorised use or disposition, ensure the maintenance of proper accounting records for the provision of reliable financial information for internal use or for publication, and ensure compliance with relevant legislation and regulations. The system is designed to provide reasonable, but not absolute, assurance against material misstatement or loss and to manage rather than eliminate risks of failure in operational systems and achievement of the Group's objectives.

The Board, through the Audit Committee, has conducted an annual review of the effectiveness of the Group's system of internal control. The Board is satisfied that the Group has fully complied with the code provisions ("Code Provision(s)") of the Corporate Governance Code on internal control during the year under review although an internal audit function was not set up in the internal control system of the Group. The Group has appointed Messrs PricewaterhouseCoopers to conduct review on the internal control of PT Agincourt Resources, the Martabe Project development company, on some aspects of operation.

Corporate Governance Code

In the opinion of the Directors, throughout the year ended 30 June 2011 the Company has applied the principles of the Corporate Governance Code and complied with all the applicable code provisions thereof, except that the existing non-executive Director and INEDs were not appointed for a specific term as required under the Code Provision A.4.1 but are subject to retirement by rotation and re-election at each annual general meeting in accordance with 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.

LOW OPERATING COSTS IN A HIGHLY COMPETITIVE INDUSTRY

US$250 PER OUNCE

The Purnama pit costs at less than US$250 per ounce, remains very competitive compared to industry peers. We are one of the world's few mining companies about to begin new gold production in the very near future.

Left photo: Geologists reviewing Martabe exploration targets.

INDEPENDENT AUDITOR'S REPORT

Deloitte.
德勤

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

We have audited the consolidated financial statements of G-Resources Group Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 57 to 101, which comprise the consolidated statement of financial position as at 30 June 2011, and the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Directors' Responsibility for the Consolidated Financial Statements

The directors of the Company are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit and to report our opinion solely to you, as a body, in accordance with section 90 of the Bermuda Companies Act, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Group as at 30 June 2011 and of the Group's loss and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
29 September 2011

CONSOLIDATED INCOME STATEMENT

For the year ended 30 June 2011

	Notes	2011 *USD'000*	2010 *USD'000* (Restated)
Revenue		**535**	747
Cost of sales		**(380)**	(619)
Gross profit		**155**	128
Other income		**1,741**	583
Distribution and selling expenses		**(47)**	(27)
Administrative expenses		**(19,293)**	(21,374)
Fair value changes of held for trading investments		**(4,067)**	(22,209)
Gain/(loss) on disposal of an available-for-sale investment		**84**	(2,398)
Loss before taxation	7	**(21,427)**	(45,297)
Taxation	8	**22**	–
Loss for the year, attributable to owners of the Company		**(21,405)**	(45,297)
Loss per share			
– Basic and diluted (US cent)	11	**(0.15)**	(0.32)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 30 June 2011

	2011 *USD'000*	2010 *USD'000* (Restated)
Loss for the year	**(21,405)**	(45,297)
Other comprehensive (expenses)/income:		
Fair value change on available-for-sale investment	**(558)**	(7,914)
Reclassification adjustment upon disposal of available-for-sale investment	**(84)**	2,398
Exchange difference on translation	**122**	(2,221)
Total other comprehensive expenses for the year	**(520)**	(7,737)
Total comprehensive expenses for the year, attributable to owners of the Company	**(21,925)**	(53,034)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2011

	Notes	2011 USD'000	2010 USD'000 (Restated)
NON-CURRENT ASSETS			
Property, plant and equipment	12	**467,538**	304,960
Exploration and evaluation assets	13	**1,942**	517
Available-for-sale investments	14	**9,329**	11,985
Other receivable	15	**21,889**	–
		500,698	317,462
CURRENT ASSETS			
Trade and other receivables	15	**2,645**	13,125
Held for trading investments	16	**3,199**	10,033
Pledged bank deposits	17	**92**	92
Bank balances and cash	17	**135,627**	279,508
		141,563	302,758
CURRENT LIABILITY			
Trade and other payables	18	**49,435**	16,714
NET CURRENT ASSETS		**92,128**	286,044
TOTAL ASSETS LESS CURRENT LIABILITIES		**592,826**	603,506
NON-CURRENT LIABILITIES			
Deferred tax liability	19	**–**	22
Provision for mine rehabilitation cost	20	**2,628**	1,390
		2,628	1,412
		590,198	602,094
CAPITAL AND RESERVES			
Share capital	21	**18,147**	18,147
Reserves		**572,051**	583,947
TOTAL EQUITY		**590,198**	602,094

The consolidated financial statements on pages 57 to 101 were approved and authorised for issue by the Board of Directors on 29 September 2011 and are signed on its behalf by:

Peter Geoffrey Albert
Director

Kwan Kam Hung, Jimmy
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2011

	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
At 1 July 2009 (Restated)	1,087	–	212	148,265	1,304	328	5,562	(92,614)	64,144
Loss for the year	–	–	–	–	–	–	–	(45,297)	(45,297)
Fair value change on available-for-sale investment	–	–	–	–	–	–	(7,914)	–	(7,914)
Reclassification adjustment upon disposal of available-for-sale investment	–	–	–	–	–	–	2,398	–	2,398
Exchange difference on translation	–	–	–	–	–	(2,221)	–	–	(2,221)
Total comprehensive expenses for the year	–	–	–	–	–	(2,221)	(5,516)	(45,297)	(53,034)
Issue of share during the year	16,774	570,323	–	–	–	–	–	–	587,097
Issue of share upon acquisition of assets through acquisition of subsidiaries (Note 23)	286	11,000	–	–	–	–	–	–	11,286
Transaction costs attributable to issue of shares	–	(17,666)	–	–	–	–	–	–	(17,666)
Recognition of equity-settled share-based payment	–	–	–	–	10,267	–	–	–	10,267
Lapse of share options	–	–	–	–	(1,304)	–	–	1,304	–
Transfer from contributed surplus to eliminate the accumulated losses (Note)	–	–	–	(136,607)	–	–	–	136,607	–
At 30 June 2010 (Restated)	**18,147**	**563,657**	**212**	**11,658**	**10,267**	**(1,893)**	**46**	**–**	**602,094**
Loss for the year	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(21,405)**	**(21,405)**
Fair value change on available-for-sale investment	**–**	**–**	**–**	**–**	**–**	**–**	**(558)**	**–**	**(558)**
Reclassification adjustment upon disposal of available-for-sale investment	**–**	**–**	**–**	**–**	**–**	**–**	**(84)**	**–**	**(84)**
Exchange difference on translation	**–**	**–**	**–**	**–**	**–**	**122**	**–**	**–**	**122**
Total comprehensive income/ (expenses) for the year	**–**	**–**	**–**	**–**	**–**	**122**	**(642)**	**(21,405)**	**(21,925)**
Recognition of equity-settled share-based payment	**–**	**–**	**–**	**–**	**10,029**	**–**	**–**	**–**	**10,029**
At 30 June 2011	**18,147**	**563,657**	**212**	**11,658**	**20,296**	**(1,771)**	**(596)**	**(21,405)**	**590,198**

Note: During the year ended 30 June 2010, USD136,607,000 of the Company's contributed surplus was transferred to eliminate the accumulated losses in accordance with the Company's Bye-Law.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 30 June 2011

	Note	2011 USD'000	2010 USD'000 (Restated)
OPERATING ACTIVITIES			
Loss before taxation		**(21,427)**	(45,297)
Adjustments for:			
Interest income		**(1,673)**	(12)
Depreciation		**240**	123
Share-based payment expenses		**10,029**	10,267
Fair value change of held for trading investments		**4,067**	22,209
(Gain)/loss on disposal of an available-for-sale investment		**(84)**	2,398
Loss on disposal of property, plant and equipment		**11**	2
Operating cash outflows before movements in working capital		**(8,837)**	(10,310)
Increase in other receivable (non-current portion)		**(11,814)**	–
Decrease/(increase) in trade and other receivables		**405**	(4,402)
Decrease/(increase) in held for trading investments		**2,776**	(29,829)
Increase in trade and other payables		**12**	13,413
Net cash used in Operating Activities		**(17,458)**	(31,128)
INVESTING ACTIVITIES			
Purchases of property, plant and equipment		**(129,307)**	(74,833)
Purchase of exploration and evaluation assets		**(1,425)**	(517)
Proceeds from disposal of an available-for-sale investment		**2,069**	21,481
Interest received		**1,673**	12
Proceeds from disposal of property, plant and equipment		**450**	–
Acquisition of assets through acquisition of subsidiaries	23	**–**	(221,675)
Purchases of available-for-sale investments		**–**	(11,939)
Increase in pledged bank deposits		**–**	(92)
Net cash used in Investing Activities		**(126,540)**	(287,563)
CASH FROM FINANCING ACTIVITY			
Net proceeds from issue of shares		**–**	569,431
Net (decrease)/increase in cash and cash equivalents		**(143,998)**	250,740
Cash and cash equivalents at beginning of the year		**279,508**	30,546
Effect of foreign exchange rate changes		**117**	(1,778)
Cash and cash equivalents at end of the year, represented by Bank Balances and Cash		**135,627**	279,508

1. General

The Company is an exempted company with limited liability incorporated in Bermuda and its shares are listed on The Stock Exchange of Hong Kong Limited (the "Hong Kong Stock Exchange"). The address of the registered office and principal place of business of the Company is disclosed in the Corporate Information to the annual report.

The Company acts as an investment holding company. The principal activities of its principal subsidiaries are set out in note 33.

2. Change of Presentation Currency

The consolidated financial statements for the year ended 30 June 2011 are presented in United State dollars ("USD"), which is different from the presentation currency of Hong Kong dollars ("HKD") used in 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 year. The change of presentation currency and restatement of comparative amounts from HKD to USD had no material impact on the Group's consolidated financial statements for the years presented.

As aforementioned, the consolidated 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. Application of New and Revised Hong Kong Financial Reporting Standards ("HKFRSs")

In the current year, the Group has applied the following amendments and interpretations issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

HKFRSs (Amendments)	Improvements to HKFRSs issued in 2009[1]
HKFRSs (Amendments)	Improvements to HKFRSs issued in 2010 in relation to the amendments to HKFRS 3 (as revised in 2008), HKAS 27 and HKAS 28
HKFRS 2 (Amendments)	Group Cash-settled Share-based Payment Transactions
HKAS 32 (Amendments)	Classification of Rights Issues
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

1 Amendments that are effective for annual periods beginning on or after 1 January 2010

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

3. Application of New and Revised Hong Kong Financial Reporting Standards ("HKFRSs") (continued)

The Group has not early applied the following new and revised standards, amendments or interpretations that have been issued but are not yet effective.

HKFRSs (Amendments)	Improvements to HKFRSs issued in 2010 except for those effective for the annual period beginning on or after 1 July 2010[1]
HKFRS 7 (Amendments)	Disclosures – Transfer of Financial Assets[3]
HKFRS 9	Financial Instruments[2]
HKFRS 10	Consolidated Financial Statements[2]
HKFRS 11	Joint Arrangements[2]
HKFRS 12	Disclosure of Interests in Other Entities[2]
HKFRS 13	Fair Value Measurement[2]
HKAS 1 (Amendments)	Presentation of Items of Other Comprehensive Income[5]
HKAS 12 (Amendments)	Deferred Tax: Recovery of Underlying Assets[4]
HKAS 19 (as revised in 2011)	Employee Benefit[2]
HKAS 24	Related Party Disclosures[1]
HKAS 27 (as revised in 2011)	Separate Financial Statements[2]
HKAS 28 (as revised in 2011)	Investments in Associates and Joint Ventures[2]
HK(IFRIC) – Int 14 (Amendments)	Prepayments of a Minimum Funding Requirement[1]

1 Effective for annual periods beginning on or after 1 January 2011
2 Effective for annual periods beginning on or after 1 January 2013
3 Effective for annual periods beginning on or after 1 July 2011
4 Effective for annual periods beginning on or after 1 January 2012
5 Effective for annual periods beginning on or after 1 July 2012

HKFRS 9 Financial Instruments (as issued in November 2009) introduces new requirements for the classification and measurement of financial assets. *HKFRS 9 Financial Instruments* (as revised in November 2010) adds requirements for financial liabilities and for derecognition.

Under HKFRS 9, all recognised financial assets that are within the scope of *HKAS 39 Financial Instruments: Recognition and Measurement* are subsequently measured at either amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of the reporting periods. All other debt investments and all equity investments are measured at fair value at the end of the reporting periods.

In relation to financial liabilities, the significant change relates to financial liabilities that are designated as at fair value through profit or loss. Specifically, under HKFRS 9, for financial liabilities that are designated as at fair value through profit or loss, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the presentation of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss. Previously, under HKAS 39, the entire amount of the change in the fair value of the financial liability designated as at fair value through profit or loss was presented in profit or loss.

HKFRS 9 is effective for annual periods beginning on or after 1 July 2013, with earlier application permitted. The application of HKFRS 9 will affect the classification and measurement of the Group's available-for-sale investments.

The directors of the Company anticipate that the application of other new and revised standards, amendments or interpretations will have no material impact on the results and the financial position of the Group.

4. Significant Accounting Policies

The consolidated financial statements have been prepared in accordance with HKFRSs issued by the HKICPA. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on The Hong Kong Stock Exchange and by the Hong Kong Companies Ordinance.

The consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments, which are measured at fair values, as explained in the accounting policies set out below. Historical cost is generally based on the fair value of the consideration given in exchange for goods.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries). Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the Group.

All intra-group transactions, balances, income and expenses are eliminated on consolidation.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods sold and services provided in the normal course of business, net of discounts and sales related taxes.

Revenue from sales of goods is recognised when the goods are delivered and title has passed, at which time all the following conditions are satisfied:

- the Group has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the Group; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Service income is recognised when services are provided.

Proceeds from sales of financial assets at fair value through profit or loss/available-for-sale investments are recognised on a trade date basis when the risks and rewards of ownership are transferred and title has passed.

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Group and the amount of revenue can be measured reliably. Interest income from a financial asset is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

Dividend income from investments including financial assets at fair value through profit or loss is recognised when the shareholders' rights to receive payment have been established.

4. Significant Accounting Policies (continued)

Property, plant and equipment

Property, plant and equipment, including building held for use in the production or supply of goods or services, or for administrative purposes (other than construction in progress) are stated at cost less subsequent accumulated depreciation and accumulated impairment losses, if any.

Depreciation is recognised so as to write off the cost of items of property, plant and equipment (other than construction in progress and mine property and development assets) less their estimated residual values over their estimated useful lives. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Construction in progress includes property, plant and equipment in the course of construction for production or for its own use purposes. Construction in progress is carried at cost less any recognised impairment loss. Construction in progress is classified to the appropriate category of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Mine property and development assets include costs of exploration and evaluation, cost to acquire mineral rights and subsequent costs to develop the mine to the production phase.

When future economic benefits are established by further development expenditure is incurred in respect of an area of interest in production, such expenditure is carried forward as part of the cost of that mine property only if future economic benefits are established. Otherwise such expenditure is classified as part of the cost of production.

The amortisation of mine property and development assets commences when the mine starts commercial production and is calculated on the unit of production basis, based on the actual production volume over the total estimated proven and probable reserves of the gold and silver mine.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in the profit or loss in the period in which the item is derecognised.

Exploration and evaluation assets

Exploration and evaluation assets are recognised at cost.

Exploration and evaluation assets represent costs of acquiring exploration rights and the expenditures in the search for mineral resources on an area of interest basis. Costs incurred before the Group has obtained the legal right to explore an area are recognised in profit or loss.

4. Significant Accounting Policies (continued)

Exploration and evaluation assets (continued)

Exploration and evaluation assets are only recognised if the rights to the area of interest are current and either:

- the expenditures are expected to be recouped through successful development and exploitation of the area of interest, or alternatively by its sale; or
- activities in the area of interest have not, at the reporting date, reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves and active and significant operations in, or in relation to, the area of interest are continuing.

Exploration and evaluation assets are assessed for impairment if:

- sufficient data exists to determine technical feasibility and commercial viability;
- facts and circumstances suggest that the carrying amount exceeds the recoverable amount.

Where a potential impairment is indicated, an assessment is performed for each area of interest or at the cash generating unit level. To the extent that capitalised expenditure is not expected to be recovered, it is charged to the profit or loss.

Once the technical feasibility and commercial viability of the extraction of mineral resources in an area of interest are demonstrated, any previously recognised exploration and evaluation assets attributable to that area of interest are first tested for impairment and then reclassified to mine property and development assets (included in property, plant and equipment).

Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Group as lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recorded in the respective functional currency (i.e. the currency of the primary economic environment in which the entity operates) at the rates of exchanges prevailing on the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the translation of monetary items, are recognised in profit or loss in the period in which they arise.

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Group's operations are translated into the presentation currency of the Group (i.e. USD) at the rate of exchange prevailing at the end of the reporting period, and their income and expenses are translated at the average exchange rates for the year, unless exchange rates fluctuate significantly during the period, in which case, the exchange rates prevailing at the dates of transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity (the exchange reserve).

4. Significant Accounting Policies (continued)

Retirement benefits scheme

The retirement benefits scheme contributions relating to the mandatory provident fund scheme for all employees in Hong Kong and state-managed retirement benefit scheme for all employees in Indonesia charged to profit and loss represent contributions payable to the scheme by the Group at rates specified in the rules of the scheme.

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the consolidated income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on temporary differences between the carrying amount of assets and liabilities in the consolidated financial statements and the corresponding tax base used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary difference to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on tax rate (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities. Deferred tax is recognised in profit or loss, except when it relates to items that are recognised in other comprehensive income or directly to equity, in which case the deferred tax is also recognised in other comprehensive income or directly in equity respectively.

Financial instruments

Financial assets and financial liabilities are recognised in the statement of financial position when a group entity becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

4. Significant Accounting Policies (continued)

Financial instruments (continued)

Financial assets

The Group's financial assets are classified into one of the three categories, including financial assets at fair value through profit or loss ("FVTPL"), loans and receivables and available-for-sale financial assets. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets are within the time frame established by regulation or convention in the marketplace.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset, or, where appropriate, a shorter period to the net carrying amount on initial recognition.

Interest income is recognised on an effective interest basis for debt instruments.

Financial assets at fair value through profit or loss

Financial assets at FVTPL represent financial assets held for trading.

A financial asset is classified as held for trading if:

- it has been acquired principally for the purpose of selling in the near future;
- it is a part of an identified portfolio of financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

Financial assets at FVTPL are measured at fair value, with changes in fair value arising from re-measurement recognised directly in profit or loss in the period in which they arise. The net gain or loss recognised in profit or loss excludes any dividend or interest earned on the financial assets.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Subsequent to initial recognition, loans and receivables (including trade and other receivables, pledged bank deposits and bank balances and cash) are carried at amortised cost using the effective interest method, less any identified impairment losses.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated or not classified as financial assets at FVTPL, loans and receivables or held-to-maturity investments.

Available-for-sale financial assets are measured at fair value at the end of each reporting period. Changes in fair value are recognised in other comprehensive income and accumulated in investment revaluation reserve, until the financial asset is disposed of or is determined to be impaired, at which time, the cumulative gain or loss previously accumulated in the investment revaluation reserve is reclassified to profit or loss.

For available-for-sale equity investments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured and derivatives that are linked to and must be settled by delivery of such unquoted equity instruments, they are measured at cost less any identified impairment losses at the end of each reporting period.

4. Significant Accounting Policies (continued)

Financial instruments (continued)

Financial assets (continued)

Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at the end of each reporting period. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the financial assets have been affected.

For an available-for-sale equity investment, a significant or prolonged decline in the fair value of that investment below its cost is considered to be objective evidence of impairment.

For all other financial assets, objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- breach of contracts, such as default or delinquency in interest and principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation; or
- the disappearance of an active market for that financial asset because of financial difficulties.

For certain categories of financial asset, such as trade receivables, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period of 60 days, observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, an impairment loss is recognised in profit or loss when there is objective evidence that the asset is impaired, and is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate.

For financial assets carried at cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss will not be reversed in subsequent periods.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade and other receivables, where the carrying amounts are reduced through the use of an allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss. When a trade and other receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited to profit or loss.

For financial assets measured at amortised cost, if, in a subsequent period, the amount of impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment losses was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised. Impairment losses on available-for-sale equity investments will not be reversed in profit or loss in subsequent periods. Any increase in fair value subsequent to impairment loss is recognised directly in other comprehensive income and accumulated in revaluation reserve.

4. Significant Accounting Policies (continued)

Financial instruments (continued)

Financial liabilities and equity

Financial liabilities and equity instruments issued by a group entity are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. The Group's financial liabilities are generally classified as other financial liabilities.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period.

Interest expense is recognised on an effective interest basis.

Financial liabilities

Financial liabilities including trade and other payables are subsequently measured at amortised cost, using the effective interest rate method.

Equity instruments

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

Derecognition

Financial assets are derecognised when the rights to receive cash flows from the assets expire or, the financial assets are transferred and the Group has transferred substantially all the risks and rewards of ownership of the financial assets.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

Financial liabilities are derecognised when the obligation specified in the relevant contract is discharged, cancelled or expires. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

Provisions

Provisions are recognised when the Group has a present obligation as a result of a past event, and it is probable that the Group will be required to settle that obligation. Provisions are measured at the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect is material).

4. Significant Accounting Policies (continued)

Provision for mine rehabilitation cost

Provision for mine rehabilitation cost is required when the Group has a present obligation as a result of past event, and it is probable that the Group will be required to settle that obligation. Provision is measured based on the area of land disturbed in drilling activities for the mine project as a whole in accordance with the relevant rules and regulations applicable in Indonesia at the end of the reporting period, and using the cash flows estimated to settle the present obligation. Its carrying amount is the present value of those cash flows (where the effect is material). The payments for the mine rehabilitation cost is required by the local authority upon the closure of the respective mine project.

Mine rehabilitation cost is provided in the period in which the obligation is identified and is capitalised to the costs of mine property and development assets. The cost is charged to profit or loss through depreciation of assets, which are depreciated using the unit of production method based on the actual production volume over the estimated total proved and probable reserves.

Impairment losses on assets

At the end of each reporting period, the Group reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of an asset is estimated in order to determine the extent of impairment loss, if any. If the recoverable amount of an asset is estimated to be less than its carrying amounts, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised as income immediately.

Share-based payment transactions

Equity-settled share-based payment transactions

Share options granted to directors and employees of the Company

The fair value of services received determined by reference to the fair value of share options granted at the grant date is recognised as an expense on a straight-line basis over the vesting period/in full at the grant date when the share options granted vest immediately, with a corresponding increase in equity (share options reserve).

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 share options reserve.

At the time when the share options are exercised, the amount previously recognised in share options reserve will be transferred to share premium. When the share options are forfeited after the vesting date or are still not exercised at the expiry date, the amount previously recognised in share options reserve will be transferred to accumulated losses.

Share options granted to suppliers/consultants

Share options issued in exchange for goods or services are measured at the fair values of the goods or services received, unless that fair value cannot be reliably measured, in which case the goods or services received are measured by reference to the fair value of the share options granted. The fair values of the goods or services received are recognised as expenses, when the Group obtains the goods or when the counterparties render services, unless the goods or services qualify for recognition as assets. Corresponding adjustment has been made to equity (share options reserve).

5. Critical Accounting Judgments and Key Sources of Estimation Uncertainty

In the application of the Group's accounting policies, which are described in note 4, the directors of the Company are required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgments in applying the Group's accounting policies

The following are the critical judgments, apart from those involving estimations (see below), that the directors have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in financial statements.

Value added tax recoverable (included in other receivable (non-current portion))

Included in other receivable (non-current portion) is USD21,889,000 (2010: USD10,538,000) value added tax ("VAT") paid by an Indonesian subsidiary of the Group in connection with its purchase of equipments and services from suppliers. According to relevant tax law and regulations in Indonesia, such VAT payment is refundable upon application by the Group, subject to approval by the relevant Indonesian tax authority. While the Indonesian subsidiary is in the process of obtaining the relevant approval, the relevant approvals have not yet obtained as at 30 June 2011 and 30 June 2010 and as at the date these consolidated financial statements are authorised for issue. The directors are not aware of any non-compliance with the relevant tax laws and are of the opinion that the approval from relevant tax office will be obtained and VAT will be fully recovered.

Key sources of estimation uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Ore reserve and resources estimates

The estimated quantities of economically recoverable reserves and resources are based upon interpretations of geological and geophysical models and require assumptions to be made regarding factors such as estimates of future operating performance, future capital requirements, short and long term commodity prices, and short and long term exchange rates. Changes in reported reserves and resources estimates can impact the carrying value of property, plant and equipment, provisions for rehabilitation obligations, as well as the amount of depreciation and amortisation recognised.

5. Critical Accounting Judgments and Key Sources of Estimation Uncertainty (continued)

Key sources of estimation uncertainty (continued)

Estimated impairment on mine property and development assets and construction in progress

In determining whether there is an impairment of the mine property and development assets and construction in progress of the Group's gold and silver mine located in the Regency of South Tapanuli, Northern Sumartra, Indonesia (the "Martabe Project"), an estimation of the value-in-use of the cash-generating units (i.e. the Martabe Project) is required. The value-in-use calculation requires the Group to estimate the future cash flows expected to arise from the Martabe Project, a suitable discount rate and the estimated period of production in order to calculate the present value. As at 30 June 2010, the management estimated that the production would commence before the end of 2011. Due to the rainfall and harder ground conditions than anticipated, the achievement of some of the earthworks and concrete works milestones has not been met. Therefore, the management estimated that the production would only commence before the end of first quarter of 2012. Where the actual future cash flows are less than expected, a material impairment loss may arise. As at 30 June 2011, the carrying amount of mine property and development assets and construction in progress are USD238,461,000 (2010: USD201,023,000) and USD228,124,000 (2010: USD102,607,000), respectively.

Estimated impairment on exploration and evaluation assets

In determining whether there is an impairment of the exploration and evaluation assets of the Martabe Project, it is required to assess whether there is any impairment indicator which indicates that there is impairment on its exploration and evaluation assets including (a) the period for which the Indonesian subsidiary has the right to explore in the specific area has expired during the period or will expire in the near future, and is not expected to be renewed; (b) substantive expenditure on further exploration for and evaluation of mineral resources in the specific area is neither budgeted nor planned; (c) exploration for and evaluation of mineral resources in the specific area have not led to the discovery of commercially viable quantities of mineral resources and the Indonesian subsidiary has decided to discontinue such activities in the specific area; (d) sufficient data exist to indicate that, although a development in the specific area is likely to proceed, the carrying amount of the exploration and evaluation asset is unlikely to be recovered in full from successful development or by sale. As at 30 June 2011, the carrying amount of exploration and evaluation assets is USD1,942,000 (2010: USD517,000).

Provision for mine rehabilitation cost

Provision for mine rehabilitation cost has been estimated by the directors based on current regulatory requirements and the area affected in drilling and construction activities in the Martabe project area estimated by the management and is discounted to their present value. Significant changes in the regulatory requirements in relation to such costs will result in changes to the provision amounts from period to period. In addition, the expected timing of cash outflows of such mine rehabilitation cost is estimated based on the expected closure date of the Martabe Project and is subject to any significant changes to the production plan.
As at 30 June 2011, the balance of provision for mine rehabilitation cost was USD2,628,000 (2010: USD1,390,000).

6. Segment Information

For management purposes, the Group is organised into business units based on their businesses and services and has four reportable operating segments as follows:

- 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 year ended 30 June 2011

	Provision of financial information services *USD'000*	**Trading of electronic goods and accessories** *USD'000*	**Securities trading** *USD'000*	**Mining business** *USD'000*	**Total** *USD'000*
Segment revenue	**535**	**–**	**–**	**–**	**535**
Segment result	**(8)**	**(1)**	**(2,710)**	**(6,057)**	**(8,776)**
Unallocated corporate expense					**(12,999)**
Unallocated income					**348**
Loss before taxation					**(21,427)**

For the year ended 30 June 2010 (Restated)

	Provision of financial information services *USD'000*	Trading of electronic goods and accessories *USD'000*	Securities trading *USD'000*	Mining business *USD'000*	Total *USD'000*
Segment revenue	549	198	–	–	747
Segment result	(9)	1	(22,489)	(9,562)	(32,059)
Unallocated corporate expense					(10,860)
Unallocated income					20
Loss on disposal of an available-for-sale investment					(2,398)
Loss before taxation					(45,297)

6. Segment Information (continued)

(b) Segment assets and liabilities

At 30 June 2011

	Provision of financial information services *USD'000*	Trading of electronic goods and accessories *USD'000*	Securities trading *USD'000*	Mining business *USD'000*	Total *USD'000*
ASSETS					
Segment assets	**215**	**–**	**18,068**	**623,157**	**641,440**
Unallocated corporate assets					**821**
Total assets					**642,261**
LIABILITIES					
Segment liabilities	**228**	**–**	**–**	**51,158**	**51,386**
Unallocated corporate liabilities					**677**
Total liabilities					**52,063**

At 30 June 2010 (Restated)

	Provision of financial information services *USD'000*	Trading of electronic goods and accessories *USD'000*	Securities trading *USD'000*	Mining business *USD'000*	Total *USD'000*
ASSETS					
Segment assets	221	–	22,018	594,617	616,856
Unallocated corporate assets					3,364
Total assets					620,220
LIABILITIES					
Segment liabilities	224	–	–	16,994	17,218
Unallocated corporate liabilities					908
Total liabilities					18,126

For the purposes of monitoring segment performances and allocating resources between segments, segment assets and liabilities represent assets and liabilities of the subsidiaries carrying out the respective segment activities.

6. Segment Information (continued)

(c) Other segments information

At 30 June 2011

	Provision of financial information services USD'000	Trading of electronic goods and accessories USD'000	Securities trading USD'000	Mining business USD'000	Unallocated USD'000	Total USD'000
Amounts included in measure of segment profit or loss or segment assets:						
Additions to non-current assets (Note)	**5**	**–**	**–**	**164,357**	**458**	**164,820**
Depreciation	**35**	**–**	**–**	**–**	**205**	**240**
Loss on disposal of property, plant and equipment	**–**	**–**	**–**	**–**	**11**	**11**

At 30 June 2010 (Restated)

	Provision of financial information services USD'000	Trading of electronic goods and accessories USD'000	Securities trading USD'000	Mining business USD'000	Unallocated USD'000	Total USD'000
Amounts included in measure of segment profit or loss or segment assets:						
Additions to non-current assets (Note)	–	–	–	75,626	507	76,133
Depreciation	34	–	–	–	89	123
Loss on disposal of property, plant and equipment	–	–	–	–	2	2

Note: Non-current assets excluded available-for-sale investments and other receivable (non-current portion).

6. Segment Information (continued)

(d) Geographical information

The following is an analysis of the non-current assets by the geographical area in which the assets are located:

	Non-current assets excluding financial instrument	
	2011	2010
	USD'000	*USD'000* (Restated)
Hong Kong	**507**	742
Indonesia	**468,973**	304,735
	469,480	305,477

The Group's revenue arises from Hong Kong in both years.

(e) Information about major customers

In the current year, no revenue from an individual customer contributes over 10% of the total sales of the Group. The Group's revenue of 2010 arising from trading of electronic goods and accessories of USD198,000 which contributes 26% of the Group's total revenue, come from only one customer.

7. Loss before Taxation

	2011	2010
	USD'000	*USD'000* (Restated)
Loss before taxation has been arrived at after charging/(crediting):		
Staff costs		
– Directors' emoluments (Note 9(a))	**12,206**	11,507
– Other staff costs	**1,557**	1,861
– Contributions to retirement benefits schemes, excluding directors	**46**	38
– Share-based payment expenses, excluding directors	**700**	1,714
Total staff costs	**14,509**	15,120
Auditors' remuneration	**175**	190
Depreciation of property, plant and equipment	**240**	123
Cost of inventories recognised as expense	–	194
Operating lease payments in respect of office premises and warehouse	**562**	344
Loss on disposal of property, plant and equipment	**11**	2
Exchange loss/(gain), net	**139**	(539)
Interest income	**(1,673)**	(12)

8. Taxation

	2011 USD'000	2010 USD'000
Current tax		
Hong Kong	–	–
Indonesia	–	–
Deferred tax (Note 19)	**(22)**	–
Taxation for the year	**(22)**	–

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for both years. 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 or taxation in other jurisdictions has been made in the consolidated income statement for both years as neither the Company nor any of its subsidiaries had any assessable profits in both years.

The taxation for the year can be reconciled to the loss before taxation per the consolidated income statement as follows:

	2011 USD'000	2010 USD'000 (Restated)
Loss before taxation	**(21,427)**	(45,297)
Tax at Hong Kong Profits Tax rate of 16.5%	**(3,535)**	(7,474)
Tax effect of expenses not deductible for tax purpose	**1,815**	2,351
Tax effect of income not taxable for tax purpose	**(32)**	(50)
Tax effect of tax losses not recognised	**1,760**	5,190
Utilisation of tax loss previously not recognised	**(3)**	–
Effect of different tax rates of subsidiaries operating in other jurisdictions	**(27)**	(17)
Taxation for the year	**(22)**	–

Details of the Group's deferred taxation are set out in note 19.

9. Directors' and Employees' Emoluments

(a) Directors' Emoluments

The emoluments paid or payable to each of the directors for the year were as follows:

For the year ended 30 June 2011

	Fees *USD'000*	Salaries and other emoluments *USD'000*	Discretionary bonus *USD'000*	Contributions to retirement benefits scheme *USD'000*	Allowances *USD'000*	Share-based payments *USD'000*	Total *USD'000*
Executive directors:							
Chiu Tao	–	174	–	–	–	2,810	2,984
Owen L Hegarty	–	601	–	2	–	2,045	2,648
Peter Geoffrey Albert	–	541	540	2	83	1,882	3,048
Ma Xiao	–	208	17	2	69	538	834
Wah Wang Kei, Jackie	–	278	23	2	–	538	841
Hui Richard Rui	–	200	17	2	–	538	757
Kwan Kam Hung, Jimmy	–	–	–	–	–	233	233
Non-executive director:							
Tsui Ching Hung	–	–	–	–	–	–	–
Independent non-executive directors:							
Or Ching Fai	90	–	–	–	–	745	835
Ma Yin Fan	13	–	–	–	–	–	13
Leung Hoi Ying	13	–	–	–	–	–	13
	116	2,002	597	10	152	9,329	12,206

9. Directors' and Employees' Emoluments (continued)

(a) Directors' Emoluments (continued)

For the year ended 30 June 2010 (Restated)

	Fees *USD'000*	Salaries and other emoluments *USD'000*	Discretionary bonus *USD'000*	Contributions to retirement benefits scheme *USD'000*	Joining Fee *USD'000*	Share-based payments *USD'000*	Total *USD'000*
Executive directors:							
Chiu Tao (Note a)	–	627	–	2	–	1,464	2,093
Owen L Hegarty	–	600	–	2	200	2,864	3,666
Peter Geoffrey Albert (Note a)	–	543	–	2	200	2,864	3,609
Ma Xiao (Note a)	–	163	4	2	–	370	539
Wah Wang Kei, Jackie	–	278	23	2	–	370	673
Hui Richard Rui	–	192	8	2	–	370	572
Kwan Kam Hung, Jimmy	–	–	–	–	–	157	157
Lew Mon Hung (Note b)	–	–	–	–	–	–	–
Non–executive director:							
Tsui Ching Hung	–	–	–	–	–	–	–
Independent non–executive directors:							
Or Ching Fai (Note a)	77	–	–	–	–	94	171
Ma Yin Fan	13	–	–	–	–	–	13
Leung Hoi Ying	13	–	–	–	–	–	13
Yu Pan (Note c)	1	–	–	–	–	–	1
	104	2,403	35	12	400	8,553	11,507

Notes:
(a) Appointed on 22 July 2009
(b) Resigned on 3 August 2009
(c) Resigned on 22 July 2009

9. Directors' and Employees' Emoluments (continued)

(a) Directors' Emoluments (continued)

Bonuses which are discretionary are determined with reference to individual performance. Save as Mr Chiu Tao suspended his salary with effect from October 2010 until the first gold production in Martabe Project begins, no director waived any emoluments in both years. The remuneration of directors is determined by the remuneration committee having regard to the performance of individuals and market trends.

(b) Employees' Emoluments

Of the five individuals with the highest emoluments in the Group, four (2010: four) were executive directors of the Company whose emoluments are included in the disclosures above. The emoluments of the remaining one (2010: one) individual were as follows:

	2011	2010
	USD'000	*USD'000*
		(Restated)
Salaries and other benefits	**396**	216
Retirement benefits scheme contributions	**2**	1
Share-based payment expenses	**416**	274
Discretionary bonus	**31**	–
	845	491

The emoluments were within the following bands:

	Number of Employees	
	2011	2010
USD Nil to USD500,000	**–**	1
USD500,001 to USD1,000,000	**1**	–
	1	1

(c) Save as disclosed above, no emoluments have been paid by the Group to any directors or the five highest paid individuals as an inducement to join or upon joining the Group, or as compensation for loss of office for both years.

10. Dividend

No dividend was paid or proposed during 2011, nor has any dividend been proposed since the end of the reporting period (2010: nil).

11. 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:

	2011	2010
	USD'000	*USD'000*
		(Restated)
Loss for the year attributable to owners of the Company, for the purposes of basic and diluted loss per share	**(21,405)**	(45,297)

	Number of shares	
	2011	2010
Weighted average number of ordinary shares for the purposes of basic and diluted loss per share	**14,066,831,950**	13,993,839,799

The computation of diluted loss per share for the year ended 30 June 2011 and 2010 does not include adjustments for the Company's outstanding share options as these options have anti-dilutive effect.

12. Property, Plant and Equipment

	Buildings USD'000	Plant and equipments USD'000	Mine property & development assets USD'000	Construction in progress USD'000	Leasehold improvements USD'000	Furniture, fixtures & equipment USD'000	Motor vehicles USD'000	Total USD'000
COST								
At 1 July 2009 (Restated)	–	–	–	–	50	799	239	1,088
Exchange realignments	–	–	(406)	–	–	(4)	(1)	(411)
Additions	–	–	14,249	60,860	280	227	–	75,616
Arising from acquisition of assets through acquisition of subsidiaries (Note 23)	390	107	187,180	41,747	–	239	–	229,663
Disposals	–	–	–	–	–	(3)	–	(3)
At 30 June 2010 and 1 July 2010 (Restated)	390	107	201,023	102,607	330	1,258	238	305,953
Exchange realignments	–	–	24	–	–	1	–	25
Additions	–	–	37,414	125,517	264	200	–	163,395
Disposals	–	–	–	–	(330)	(712)	–	(1,042)
At 30 June 2011	390	107	238,461	228,124	264	747	238	468,331
ACCUMULATED DEPRECIATION								
At 1 July 2009 (Restated)	–	–	–	–	50	600	74	724
Exchange realignments	–	–	–	–	–	(2)	–	(2)
Provided for the year	45	29	–	–	13	137	48	272
Eliminated on disposals	–	–	–	–	–	(1)	–	(1)
At 30 June 2010 and 1 July 2010 (Restated)	45	29	–	–	63	734	122	993
Exchange realignments	–	–	–	–	–	–	–	–
Provided for the year	41	28	–	–	104	160	48	381
Eliminated on disposals	–	–	–	–	(77)	(504)	–	(581)
At 30 June 2011	86	57	–	–	90	390	170	793
CARRYING VALUES								
At 30 June 2011	304	50	238,461	228,124	174	357	68	467,538
At 30 June 2010 (Restated)	345	78	201,023	102,607	267	524	116	304,960

12. Property, Plant and Equipment (continued)

Construction in progress represents the construction of mine structures and mining site infrastructure for the Martabe Project.

Depreciation on the mine property and development assets is provided using the unit of production method based on the actual production volume over the total estimated proved and probable reserves of the gold and silver mine.

The other items of property, plant and equipment, except for construction in progress, are depreciated on a straight-line basis after taking into account their estimated residual value, at the following rates per annum:

Buildings	10%
Plant and equipment	20%
Leasehold improvements	10% to 50% or over the terms of the leases whichever is shorter
Furniture, fixtures and equipment	20%
Motor vehicles	20%

Note: Depreciation expense of USD141,000 (2010: USD149,000) incurred during the year ended 30 June 2011 by a subsidiary in respect of the development of the gold and silver mine was capitalised as part of mine property and development assets (included in property, plant and equipment).

13. Exploration and Evaluation Assets

	USD'000
At 1 July 2009 (Restated)	–
Additions	517
At 30 June 2010 and 1 July 2010 (Restated)	517
Additions	1,425
At 30 June 2011	1,942

Exploration and evaluation assets represent the costs of acquiring exploration rights and expenditures in the search for mineral resources on an area of interest basis. The addition on the exploration and evaluation assets represents consultancy and advisory fee, staff costs and other expenditures incurred in the search for mineral resources during the year in mining areas where the existence or economically recoverable reserves could not be reasonably assessed.

14. Available-For-Sale Investments

	2011 *USD'000*	2010 *USD'000* (Restated)
Listed debt securities, at fair value		
Senior Note Due 2015	**9,329**	11,985

In 2010, the Group acquired senior notes with principal amount of USD12,000,000 issued by a company with its shares listed on the Hong Kong 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.

14. Available-For-Sale Investments (continued)

The Senior Notes Due 2015 may be redeemed anytime under certain conditions before the maturity date in the following circumstances:

(1) At any time prior to 18 May 2013, the Senior Notes issuer may redeem up to 35% of the aggregate principal amount of the Senior Notes at a redemption price equal to 111.75% of the principal amount of the Senior Notes redeemed, plus accrued and unpaid interest, if any, to the redemption date, subject to not less than 30 nor more than 60 days notice.

(2) At any time prior to 18 May 2013, the Senior Notes issuer may at its option redeem the Senior Notes, in whole or in part, at a redemption price equal to 100% of the principal amount of the Senior Notes redeemed, plus the make-whole premium as of, and accrued and unpaid interest, if any, to the redemption date, subject to not less than 30 nor more than 60 days notice.

(3) At any time on or after 18 May 2013, the Senior Notes issuer may redeem the Senior Notes, in whole or in part, at a redemption price equal to the percentage of principal amount set forth below, plus accrued and unpaid interest, if any, on the Senior Notes redeemed, to the redemption date, if redeemed during the 12-month period commencing on 18 May of any year set forth below:

Period	**Redemption price**
2013	105.8750%
2014 and thereafter	102.9375%

The Senior Notes Due 2015 were initially measured at fair value. The fair value measurements are derived from valuation techniques that include inputs for the assets or liabilities that are not based on observable market data (unobservable inputs). During the year ended 30 June 2011, a decrease in fair value of USD558,000 (2010: an increase of USD46,000) was recognised in the investment revaluation reserves.

During the year ended 30 June 2011, the Group has disposed of 2,000,000 units of the Senior Notes Due 2015 and a realised gain of USD84,000 is recognised.

In the absence of quoted market price in an active market, the fair value of the Senior Notes Due 2015 as at 30 June 2011 and 2010 are determined using the Hull-White term structure model with the following assumptions:

	2011	**2010**
Discount rate:	14.80%	12.52%
Time to maturity:	3.88 years	4.964 years
Mean Reverting rate:	0.03008	0.02289
Volatility:	0.01143	0.00720

15. Trade and Other Receivables

	2011 USD'000	2010 USD'000 (Restated)
Trade receivables (Note a)	**13**	17
Other receivables (Note b)	**24,521**	13,108
	24,534	13,125
Less: Other receivable classified as non-current assets (Note b)	**(21,889)**	–
Trade and other receivables classified as current assets (Note b)	**2,645**	13,125

Notes:

(a) The Group normally allows an average credit period of 60 days to its trade customers from provision of financial information services. The following is an ageing analysis of trade receivables at the end of the reporting periods which is determinated based on the invoice date:

	2011 USD'000	2010 USD'000 (Restated)
0–60 days	**13**	17
61–90 days	**–**	–
Over 90 days	**–**	–
	13	17

Before accepting any new customer from provision of financial information services, the Group will assess the potential customer's credit quality and define its credit limit. Credit sales are made to customers with appropriate credit history. Credit limits attributed to customers are reviewed regularly.

At the end of the reporting periods, the directors considered the trade receivables which were neither past due nor impaired were of good credit quality.

(b) As at 30 June 2011, included in other receivables is an amount of USD21,889,000 value added tax ("VAT") paid by an Indonesian subsidiary of the Group in connection with its purchase of equipments and services from suppliers in relation to the construction of the mining site were classified as non-current portion in view of the prolonged refund process (2010: USD10,538,000 classified as other receivable (current portion)). The Indonesian subsidiary is in the process of obtaining the approval from the relevant Indonesian tax authority for refund of such VAT paid.

(c) At the end of the reporting periods, the impairment of the Group's receivables was assessed on an individual basis based on the credit history of the debtors, such as financial difficulties or default in payments, and current market conditions. No allowance for bad and doubtful debts are recognised at the end of the reporting periods.

16. Held for Trading Investments

	2011 USD'000	2010 USD'000 (Restated)
Equity securities listed in Hong Kong, at fair value	**3,199**	10,033

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 Hong Kong Stock Exchange as at the end of the respective reporting periods.

17. Pledged Bank Deposits and Bank Balances and Cash

As at the end of the reporting period, there was approximately USD92,000 (2010: USD92,000) pledged to a bank to secure the cutting tree permit granted to a subsidiary. The pledged deposits carry no interest for both years.

Bank balances carry interest at market rates which range from 0.0002% to 4.42% (2010: 0.001% to 4.44%) per annum.

18. Trade and Other Payables

As at the end of reporting periods, there is no trade creditor.

The Group has financial risk management policies in place to ensure that all payables are within the credit timeframe.

Included in other payables is an amount of USD46,520,000 (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 mining site of the Martabe Project.

19. Deferred Tax Liability

The following is the major deferred tax liability recognised and movements thereon during the current and prior years:

	Accelerated tax depreciation *USD'000*
At 1 July 2009 and 30 June 2010 (Restated)	22
Credit to profit or loss	(22)
At 30 June 2011	–

At the end of the reporting period, the Group has unused tax losses of USD68,533,000 (2010: USD57,887,000) available for offsetting against future profits. No deferred tax asset has been recognised in respect of the unused tax losses due to the unpredictability of future profits streams. The tax losses may be carried forward indefinitely.

20. 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.

	USD'000
At 1 July 2009 (Restated)	–
Acquisition of assets through acquisition of subsidiaries (Note 23)	756
Additions	634
At 30 June 2010 and 1 July 2010 (Restated)	1,390
Additions	1,238
At 30 June 2011	2,628

Provision for mine rehabilitation cost of USD1,238,000 (2010: USD634,000) was capitalised as part of mine property and development assets (included in property, plant and equipment) during the year ended 30 June 2011.

21. Share Capital

	Number of shares	Value USD'000 (Restated)
Authorised:		
Ordinary shares of HK$0.01 each		
At 1 July 2009, 30 June 2010 and 30 June 2011	60,000,000,000	76,923
Issued and fully paid:		
Ordinary shares of HK$0.01 each		
At 1 July 2009	845,403,379	1,087
Issue of shares for acquisition of assets through acquisition of subsidiaries (Note a)	221,428,571	286
Issue of shares (Note b)	13,000,000,000	16,774
At 30 June 2010, 1 July 2010 and 30 June 2011	14,066,831,950	18,147

Notes:

(a) As part of the consideration for the acquisition of assets through acquisition of subsidiaries (detailed in note 23), 221,428,571 shares of HK$0.01 each were issued and allotted to the vendor on 3 July 2009. The share consideration is recognised based on the closing price of HK$0.395 per share quoted on the Hong Kong Stock Exchange on 3 July 2009.

(b) 12,966,787,000 shares and 33,213,000 shares of HK$0.01 each were issued and allotted at a price of HK$0.35 per share under private share placements on 3 July 2009 and 9 July 2009, respectively. Details of the share placement were announced on 3 July 2009 and 9 July 2009.

All the shares issued by the Company during the year ended 30 June 2010 rank pari passu with the then existing ordinary shares in all respects.

22. Share-Based Payment Transactions

The Company's share option scheme was adopted pursuant to a resolution passed on 30 July 2004 (the "2004 Scheme"), for the purpose of providing incentives or rewards to directors, employees, invested entities, suppliers and customers of the Group and entities that provide research, development or technological support or other services to the Group, any shareholders of any members of the Group or any invested entities or any holders of any securities issued by any members of the Group or any invested entities. The 2004 scheme will expire on 29 July 2014. Under the 2004 Scheme, the Board of Directors of the Company may grant options to eligible employees, including executive directors of the Company or its subsidiaries, to subscribe for shares in the Company.

The maximum number of shares of the Company which may be issued upon exercise of all outstanding options granted and yet to be exercised under the 2004 Scheme or any other share option scheme adopted by the Company must not in aggregate exceed 30% of its issued share capital from time to time. The total number of shares which may be issued upon exercise of all options to be granted under the 2004 Scheme and any other share option scheme of the Group must not in aggregate exceed 10% of the shares in issue unless it is approved by shareholders in a general meeting of the Company. The maximum number of shares issuable under the options to each eligible participant in any 12-month period is limited to 1% of the shares in issue unless it is approved by shareholders in a general meeting of the Company. Any grant of options under the 2004 Scheme to a director, chief executive or substantial shareholder of the Company or any of their respective associates must be approved by independent non-executive directors (excluding any independent non-executive director who is the grantee of the options). Any share options granted to a substantial shareholder or an independent non-executive director of the Company or to any of their respective associates, in excess of 0.1% of the shares in issue and with an aggregate value (based on the closing price of the shares at the date of grant) in excess of HK$5 million (approximately USD641,000), in any 12-month period, are subject to shareholders' approval in a general meeting of the Company.

22. Share-Based Payment Transactions (continued)

As at 30 June 2011, the number of shares of the Company in respect of which options had remained outstanding under the 2004 Scheme of the Company was 943,237,355 (2010: 350,746,266), representing 6.7% (2010: 2.5%) of the shares of the Company in issue at that date.

Total consideration received during the year ended 30 June 2011 from eligible participants for taking up the options granted during the year then ended was USD8 (2010: USD3).

Options granted must be taken up within 28 days of the date of grant, upon payment of HK$1 as the consideration for accepting the grant. The exercise period of the share options granted under the 2004 Scheme shall be determined by the Board of Directors when such options are granted, provided that such period shall not end more than 10 years from the date of grant. The exercise price is determined by the Board of Directors of the Company, and will not be less than the highest of the closing price of the Company's shares at the date of grant, the average closing price of the Company's shares for the five trading days immediately preceding the date of grant and the nominal value of the Company's shares.

As part of the remuneration package to the five key managements, the Company also entered into share option agreements (the "Share Option Agreements") with the key managements on 10 May 2009 and 8 June 2009 upon signing of the Service Contracts whereby the Company agrees (subject to Shareholders' approval) to grant share options to each of the key managements upon the terms and conditions as set out therein. Details of the terms and conditions of the share option agreements are set out in the Company circular dated 18 June 2009.

The following table discloses the movements of the Company's share options for both years:

Share options granted under 2004 Scheme

Category of participants	Date of grant	Exercise period (Note)	Exercise price per share HK$	Outstanding at 1.7.2009	Granted during the year	Exercised during the year	Lapsed during the year	Outstanding at 1.7.2010	Granted during the year	Exercised during the year	Forfeited during the year	Outstanding at 30.6.2011
Directors	8.1.2008	8.1.2008-7.1.2010	2.55	3,374,000	–	–	(3,374,000)	–	–	–	–	–
	20.10.2009	20.10.2009-19.10.2014	0.48	–	11,862,171	–	–	11,862,171	–	–	–	11,862,171
	23.11.2009	23.11.2009-22.11.2014	0.55	–	257,137,829	–	–	257,137,829	–	–	–	257,137,829
	1.12.2010	1.12.2010-30.11.2015	0.70	–	–	–	–	–	412,000,000	–	–	412,000,000
	3.3.2011	3.3.2011-2.3.2016	0.70	–	–	–	–	–	100,000,000	–	–	100,000,000
Employees	8.1.2008	8.1.2008-7.1.2010	2.55	7,209,998	–	–	(7,209,998)	–	–	–	–	–
	16.4.2008	16.4.2008-15.4.2010	2.55	1,800,000	–	–	(1,800,000)	–	–	–	–	–
	20.10.2009	20.10.2009-19.10.2014	0.48	–	25,546,266	–	–	25,546,266	–	–	(20,168,105)	5,378,161
	23.11.2009	23.11.2009-22.11.2014	0.55	–	19,200,000	–	–	19,200,000	–	–	(5,350,000)	13,850,000
	4.12.2009	4.12.2009-3.12.2014	0.55	–	28,000,000	–	–	28,000,000	–	–	–	28,000,000
	13.5.2010	13.5.2010-12.5.2015	0.55	–	5,000,000	–	–	5,000,000	–	–	–	5,000,000
	1.12.2010	1.12.2010-30.11.2015	0.70	–	–	–	–	–	28,109,194	–	(6,000,000)	22,109,194
	1.12.2010	1.12.2010-30.11.2015	0.60	–	–	–	–	–	59,900,000	–	(6,500,000)	53,400,000
	2.3.2011	2.3.2011-1.3.2016	0.70	–	–	–	–	–	27,500,000	–	–	27,500,000
Others	23.11.2009	23.11.2009-22.11.2014	0.55	–	4,000,000	–	–	4,000,000	–	–	–	4,000,000
	1.12.2010	1.12.2010-30.11.2015	0.60	–	–	–	–	–	3,000,000	–	–	3,000,000
				12,383,998	350,746,266	–	(12,383,998)	350,746,266	630,509,194	–	(38,018,105)	943,237,355
Exercisable at the end of the year								–				–
Weighted average exercise price (HK$)				2.55	0.54	–	2.55	0.54	0.69	–	0.55	0.64

Note: The share option is exercisable only upon fulfillment of the vesting conditions set out below.

22. Share-Based Payment Transactions (continued)

Share options granted under Share Option Agreement

Category of participants	Date of grant	Exercise period (Note)	Exercise price per share HK$	Outstanding at 1.7.2009	Granted during the year	Exercised during the year	Lapsed during the year	Outstanding at 1.7.2010	Granted during the year	Exercised during the year	Forfeited during the year	Outstanding at 30.6.2011
Directors	15.7.2009	24.7.2009-23.7.2014	0.3850	–	403,362,100	–	–	403,362,100	–	–	–	403,362,100
Employees	15.7.2009	3.8.2009-2.8.2014	0.4025	–	66,689,197	–	–	66,689,197	–	–	(39,798,391)	26,890,806
				–	470,051,297	–	–	470,051,297	–	–	(39,798,391)	430,252,906
Exercisable at the end of the year								–				–
Weighted average exercise price (HK$)				–	0.3875	–	–	0.3875	–	–	–	0.3861

Note: The share option is exercisable only upon fulfillment of the vesting conditions set out below.

During the year ended 30 June 2011, three lots of share options were granted on 1 December 2010, 2 March 2011 and 3 March 2011 respectively, under the 2004 Scheme, and are detailed as follows:

Grant date	1 December 2010	
	No. of share options granted	Estimated fair value of share options granted (per option)
Tranche A	440,109,194	HK$0.1814
Tranche B	37,900,000	HK$0.2021
Tranche C	25,000,000	HK$0.2021
	503,009,194	

Grant date	2 March 2011		3 March 2011	
	No. of share options granted	Estimated fair value of share options (per option)	No. of share options granted	Estimated fair value of share options granted (per option)
Lot 1	13,750,000	HK$0.2058	50,000,000	HK$0.2055
Lot 2	6,875,000	HK$0.2276	25,000,000	HK$0.2272
Lot 3	6,875,000	HK$0.2302	25,000,000	HK$0.2299
	27,500,000		100,000,000	

All the share options granted during the year ended 30 June 2010 are valid upon fulfillment of vesting conditions and up to a maximum period of 5 years from the date of grant. The share options will vest upon the occurrence of: (1) as to one-third of the share options, upon the first gold production by the Martabe Project; (2) as to another one-third of the share options, 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 period of three months; and (3) as to the remaining one-third, upon the average closing price of the share of the Company for a continuous period of 30 days having reached 100% above the exercise price of the share option. No share options shall be vested at any time prior to the expiry of twelve months from the date of the grant of the share options.

22. Share-Based Payment Transactions (continued)

All the share options granted on 1 December 2010 are valid upon fulfillment of vesting conditions and up to a maximum period of 5 years from the date of grant. Tranches A and B share options will vest upon the occurrence of: (1) as to 50% of the share options, upon the first gold production by the Martabe Project; (2) as to 25% of the share options, 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 the grant of the share options. Tranche C share options will vest upon the occurrence of: (1) as to 50% of the share options, upon the completion of the Martabe Project and the first gold production on the condition that the first gold production of the Martabe Project must be on or before 31 December 2011; (2) as to 50% of the share options, 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.

All the share options granted on 2 and 3 March 2011 are valid upon fulfillment of vesting conditions and up to a maximum period of 5 years from the date of grant. The share options will vest upon the occurrence of: (1) as to 50% of the share options, upon the first gold production by the Martabe Project; (2) as to 25% of the share options, 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 the grant of the share options.

Fair values of the options were determined at the dates of grant using the Black-Scholes option pricing model on respective grant date by Roma Appraisals Limited, independent professional valuers. 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. Based on management's estimation and planned production schedule, the first gold production is expected to be commenced by the end of the first quarter of 2012. The fair value of the total share options granted during the year ended 30 June 2011 is USD15,460,000 (2010: USD22,577,000). For the year ended 30 June 2011, the Group recognised the share-based expenses of USD10,029,000 (2010: USD10,267,000) in relation to these share options.

22. Share-Based Payment Transactions (continued)

The following assumptions were used to calculate the fair values of share options:

Grant date	1 December 2010	1 December 2010	1 December 2010	2 March 2011	2 March 2011	2 March 2011
Tranche/Lot	A	B	C	1	2	3
Weighted average share price on date of grant	HK$0.512	HK$0.512	HK$0.512	HK$0.546	HK$0.546	HK$0.546
Exercise price	HK$0.700	HK$0.600	HK$0.600	HK$0.700	HK$0.700	HK$0.700
Expected life	3.0 years	3.0 years	3.0 years	3.0 years	3.5 years	3.7 years
Expected volatility	68.35%	68.35%	68.35%	66.51%	67.81%	65.94%
Dividend yield	0%	0%	0%	0%	0%	0%
Risk-free interest rate	0.828%	0.828%	0.828%	1.062%	1.250%	1.361%

Grant date	3 March 2011	3 March 2011	3 March 2011
Lot	1	2	3
Weighted average share price on date of grant	HK$0.547	HK$0.547	HK$0.547
Exercise price	HK$0.700	HK$0.700	HK$0.700
Expected life	3.0 years	3.5 years	3.7 years
Expected volatility	66.53%	67.82%	65.95%
Dividend yield	0%	0%	0%
Risk-free interest rate	1.099%	1.283%	1.393%

Grant date	15 July 2009	15 July 2009	20 October 2009	23 November 2009	4 December 2009	13 May 2010
Weighted average share price on date of grant	HK$0.411	HK$0.411	HK$0.484	HK$0.534	HK$0.510	HK$0.463
Exercise price	HK$0.385	HK$0.403	HK$0.480	HK$0.550	HK$0.550	HK$0.550
Expected life	3.0 years	3.0 years	3.0 years	3.0 years	3.0 years	3.0 years
Expected volatility	71.69%	71.69%	71.51%	71.22%	71.45%	69.84%
Dividend yield	0%	0%	0%	0%	0%	0%
Risk-free interest rate	1.037%	1.037%	0.908%	0.720%	0.722%	1.064%

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 each reporting date, 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 and loss, with a corresponding adjustment to the share option reserve.

23. Acquisition of Assets Through Acquisition of Subsidiaries

On 24 April 2009, Acewick Holdings Limited, a wholly-owned subsidiary of the Company ("Acewick"), Polytex Investments Inc. ("Polytex", a direct wholly-owned subsidiary of CST Mining Group Limited, previously known as "China Sci-Tech Holdings Limited" ("CST")), a company with common directors of the Group, the Company and CST entered into an option agreement (the "Option Agreement") pursuant to which Polytex conditionally agreed, among other things, to grant a call option to Acewick at a consideration of HK$1 for a period of six months from the Option Agreement date, whereby Acewick may require Polytex to sell or procure the sale of the entire issued share capital in Maxter Investments Limited ("Maxter") to Acewick (the "Acquisition") at a consideration ranged from USD221 million to USD232.4 million, which would be satisfied by maximum cash consideration of USD222.4 million and ordinary shares of the Company of HK$0.01 each issued at HK$0.35 each for the remaining balance.

The Group exercised the option pursuant to the Option Agreement and on 3 July 2009, acquired 100% of the issued share capital of Maxter and its subsidiaries, namely G-Resources Martabe Pty Limited, Agincourt Resources (Singapore) Pte Limited, and PT Agincourt Resources (collectively the "Maxter Group") at total consideration of USD228,232,000, satisfied by cash of USD216,946,000 and 221,428,571 ordinary shares of the Company with par value of HK$0.01 each. The fair value of the newly issued shares of the Company, determined using the closing price of HK$0.395 each quoted on the Hong Kong Stock Exchange on 3 July 2009, amounted to approximately USD11,286,000.

The principal assets of Maxter Group are the mine property and development assets of a mine for the Martabe Project and related items of property, plant and equipment. As at 30 June 2010, the Martabe Project is under development and has not yet commenced mining operation.

The acquisition has been accounted for as an acquisition of assets and liabilities as the companies acquired are not business. The net asset acquired through the acquisition are summarised as follows:

	USD'000 (Restated)
Net assets acquired:	
Property, plant and equipment	229,663
Other receivables	6,832
Bank balances and cash	135
Trade and other payables	(2,778)
Provision for mine rehabilitation cost	(756)
	233,096
Total consideration satisfied by:	
Cash	216,946
Directly attributable costs	4,864
Issue of shares for acquisition of assets and liabilities	11,286
	233,096
Net cash outflow arising on the acquisition:	
Cash consideration paid	216,946
Cash paid for directly attributable costs	4,864
Less: bank balances and cash acquired	(135)
	221,675

24. Major Non-Cash Transactions

During the year ended 30 June 2010, as detailed in note 21, a total number of 221,428,571 ordinary shares of the Company were issued as part of the consideration for the acquisition of Maxter Group.

25. Capital Risk Management

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged from prior year.

The capital structure of the Group consists of cash and cash equivalents, and equity attributable to equity holders of the Company, comprising issued share capital, reserves and accumulated losses.

The directors of the Company review the capital structure regularly. As part of this review, the directors consider the cost of capital and the risks associated with each class of capital. Based on recommendations of the directors, the Group will balance its overall capital structure through the payment of dividends, new share issues, share buy-backs or raising of new debt.

26. Financial Instruments

26a. Categories of financial instruments

	2011 ***USD'000***	2010 *USD'000* (Restated)
Financial assets		
Financial assets classified as loans and receivables (including cash and cash equivalents)	**159,436**	292,258
Available-for-sale financial assets	**9,329**	11,985
Held for trading investments	**3,199**	10,033
Financial liabilities		
Amortised cost	**44,188**	15,076

26b. Financial risk management objectives and policies

The Group's major financial instruments include held for trading investments, trade and other receivables, available-for-sale investments, pledged bank deposits and bank balances, and other payables. Details of these financial instruments are disclosed in respective notes. The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below. Management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Market risk

(i) Interest rate risk

The Group is exposed to cash flow interest rate risk in relation to variable-rate bank balances and fair value interest risk in relation to fixed-rate investment in Senior Note Due 2015.

The Group currently does not have an interest rate hedging policy. However, the management monitors interest rate exposure and will consider hedging significant interest rate exposure should the need arises.

The exposures of the Group to interest rates on financial assets and financial liabilities are detailed in the liquidity risk management section of this note. The cash flow interest rate risk of the Group is mainly concentrated on the fluctuation of Hong Kong Interbank Offer Rate arising from the bank balances.

26. Financial Instruments (continued)

26b. Financial risk management objectives and policies (continued)

Sensitivity analysis

The Company considers the Group's exposure to cash flow interest rate risk is not significant as those interest-bearing bank balances are within short maturity period. Accordingly, no sensitivity analysis was prepared.

The sensitivity analyses below have been determined based on the exposure to fair value for its investments in fixed-rate Senior Notes Due 2015 as at 30 June 2011. If the interest rate used to assess the fair value had been 2% higher/lower and all other variables were held constant, the Group's investment revaluation reserve as at 30 June 2011 would decrease by USD458,000 (2010: USD772,000)/increase by USD475,000 (2010: USD413,000).

(ii) Other price risk – Investments in equity securities

The Group is exposed to equity price risk through the Group's held for trading investments. Management manages this exposure by maintaining a portfolio of investments with different risks. The Group's listed equity price risk is mainly concentrated on equity instruments quoted on the Hong Kong Stock Exchange.

Sensitivity analysis

The sensitivity analyses below have been determined based on the exposure to equity price risks at the reporting date.

If the prices of the respective equity securities had been 10% (2010: 10%) higher/lower:

- the Group's post-tax loss for the year would decrease/increase by USD267,000 (2010: USD838,000) as a result of the changes in fair value of held for trading investments.

Credit risk

The Group's maximum exposure to credit risk in the event of the counterparties' failure to discharge their obligations in relation to each class of recognised financial assets are the amounts stated in the consolidated statement of financial position. In order to minimise the credit risk, management of the Group has determined credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual trade debtor at the end of each reporting periods to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

The credit risk on liquid funds is limited because the counterparties are financial institutions with good reputation.

The Group has concentrations of credit risk comprising deposits placed at a financial institutions for the Group's bank balances of USD118,450,000 (2010: USD277,129,000), which represents approximately 87% (2010: 99%) of the Group's total bank balances and cash, and investments in the Senior Notes Due 2015 of USD9,329,000 (2010: USD11,985,000) issued by a single counter party. Management considered the credit risk on such balances held at financial institution and the counter party is limited because the financial institution is with good reputation and the single counter party which has its shares listed on the Hong Kong Stock Exchange is in good financial position.

Liquidity risk

In the management of the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by management to finance the operations of the Group and to maintain a balance between continuity of funding and flexibility through the use of bank borrowings.

The following tables detail the remaining contractual maturity for its financial liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows.

26. Financial Instruments (continued)

26b. Financial risk management objectives and policies (continued)

Liquidity tables

	Weighted average effective interest rate %	Less than 1 month *USD'000*	1-3 months *USD'000*	3 months to 1 year *USD'000*	Total undiscounted cash flows *USD'000*	Carrying amount at 30 June *USD'000*
2011						
Trade and other payables	**–**	**44,188**	**–**	**–**	**44,188**	**44,188**
2010 (Restated)						
Trade and other payables	–	15,076	–	–	15,076	15,076

26c. Fair value

The fair value of financial assets and financial liabilities are determined as follows:

- the fair value of held for trading investments with standard terms and conditions and traded in active liquid markets are determined with reference to quoted market bid prices;
- the fair value of available-for-sale investments is determined in accordance with the Hull-White term structure model; and
- the fair value of other financial assets and financial liabilities (excluding held for trading investments and available-for-sale investments) are determined in accordance with generally accepted pricing models based on discounted cash flow analysis.

The directors consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the consolidated financial statements approximate their fair values.

Fair value measurements recognised in the statement of financial position

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable.

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active market for identical assets or liabilities;
- Level 2 fair value measurements are those derived from quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

26. Financial Instruments (continued)

26c. Fair value (continued)

	Level 1 *USD'000*	Level 3 *USD'000*	Total *USD'000*
2011			
Listed debt securities (classified as available-for-sale investments)	**–**	**9,329**	**9,329**
Held for trading investments	**3,199**	**–**	**3,199**
Total	**3,199**	**9,329**	**12,528**
2010 (Restated)			
Listed debt securities (classified as available-for-sale investments)	–	11,985	11,985
Held for trading investments	10,033	–	10,033
Total	10,033	11,985	22,018

Reconciliation of Level 3 fair value measurements of financial asset

	Listed debts securities (classified as available-for-sale investments) *USD'000*
At 1 July 2009 (Restated)	–
Purchases	11,939
Gain recognised in other comprehensive income (Note)	46
At 30 June 2010 (Restated)	11,985
Gain/(loss) recognised in	
– profit or loss	84
– other comprehensive income (Note)	(558)
Disposal	(2,069)
Reclassification adjustment upon disposal of available-for-sale investment	(84)
Exchange realignment	(29)
At 30 June 2011	9,329

Note: All the above gains and losses included in other comprehensive income for the current year related to the debt investments held at the end of the reporting period and are reported as changes of "investment revaluation reserve".

27. Operating Leases

The Group as lessee

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

	2011 USD'000	2010 USD'000 (Restated)
Within one year	**519**	619
In the second to fifth year inclusive	**484**	1,184
	1,003	1,803

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

28. Capital Commitments

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

	2011 USD'000	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	**145,578**	46,978
Capital expenditure authorised but not contracted for in respect of acquisition of property, plant and equipment	**143,403**	283,483

29. Pledge of Assets

As at 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 subsidiary of the Company, were granted to an independent third party to secure its contractual obligations to pay royalty to this independent third party. On 11 March 2011, the Company and its subsidiaries have entered into a deed of release and a deed of indemnity with the third parties, and accordingly the charges were released.

30. Related Party Disclosures

Key management personnel compensation

	2011 USD'000	2010 USD'000 (Restated)
Short-term benefits	**3,178**	3,054
Share-based payments (Note)	**9,000**	8,733
Post-employment benefits	**12**	10
	12,190	11,797

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 consolidated income statement during the year ended 30 June 2011. The total fair value of the share option granted was USD9,833,000 (2010: USD19,027,000).

31. Retirement Benefits Schemes

The Group participates in a Mandatory Provident Fund Scheme (the "MPF Scheme") under the Mandatory Provident Fund Schemes Ordinance, for all its employees in Hong Kong. The assets of the MPF Scheme are held separately from those of the Group, in funds under the control of trustees. Under the rules of MPF Scheme, the employer and its employees are each required to make contributions to MPF Scheme at rates specified in the rules. The only obligation of the Group with respect to MPF Scheme is to make the required contributions under the MPF Scheme. No forfeited contributions are available to reduce the contributions payable in future years.

The employees in the Group's subsidiary in Indonesia are members of the state-managed retirement benefit scheme (the "Indonesia State-managed Retirement Benefit Scheme") operated by the Indonesian government. The subsidiary is required to contribute a certain percentage of payroll costs to the retirement benefits. The only obligation of the Group with respect to the retirement benefit scheme is to make specified contributions.

During the year, the total amount contributed by the Group to the MPF Scheme charged to the consolidated income statement, was USD56,000 (2010: USD50,000). The Group also contributed USD86,000 (2010: USD78,000) to the Indonesia State-managed Retirement Benefit Scheme operated by the Indonesian government and the amount was capitalised as mine property and development assets (included in property, plant and equipment).

32. Statement of Financial Position of the Company

As at 30 June 2011

	Note	**2011** ***USD'000***	2010 *USD'000* (Restated)
ASSETS			
Property, plant and equipment		**355**	491
Investments in subsidiaries		**–**	–
Other receivables		**250**	399
Amounts due from subsidiaries		**501,423**	342,922
Bank balances and cash		**112,298**	277,823
		614,326	621,635
LIABILITIES			
Other payables		**1,213**	823
Amounts due to subsidiaries		**19,974**	19,969
		21,187	20,792
		593,139	600,843
CAPITAL AND RESERVES			
Share capital		**18,147**	18,147
Reserves	a	**574,992**	582,696
Total equity		**593,139**	600,843

32. Statement of Financial Position of the Company (continued)

Note:

(a) Reserves

	Share premium *USD'000*	Capital redemption reserve *USD'000*	Contribution surplus *USD'000*	Share options reserve *USD'000*	Exchange reserve *USD'000*	Accumulated losses *USD'000*	Total *USD'000*
At 1 July 2009 (Restated)	–	212	160,225	1,304	208	(110,869)	51,080
Loss for the year	–	–	–	–	–	(39,569)	(39,569)
Exchange realignment	–	–	–	–	(2,739)	–	(2,739)
Total comprehensive expenses for the year	–	–	–	–	(2,739)	(39,569)	(42,308)
Issue of shares during the year	570,323	–	–	–	–	–	570,323
Issue of shares upon acquisition of assets through acquisition of subsidiaries	11,000	–	–	–	–	–	11,000
Transaction costs attributable to issue of shares	(17,666)	–	–	–	–	–	(17,666)
Recognition of equity-settled share-based payment	–	–	–	10,267	–	–	10,267
Lapse of share options	–	–	–	(1,304)	–	1,304	–
Transfer from contributed surplus to eliminate accumulated losses	–	–	(136,607)	–	–	136,607	–
At 30 June 2010 and 1 July 2010 (Restated)	563,657	212	23,618	10,267	(2,531)	(12,527)	582,696
Loss for the year	–	–	–	–	–	(17,892)	(17,892)
Exchange realignment	–	–	–	–	159	–	159
Total comprehensive income/(expenses) for the year	–	–	–	–	159	(17,892)	(17,733)
Recognition of equity-settled share-based payment	–	–	–	10,029	–	–	10,029
At 30 June 2011	563,657	212	23,618	20,296	(2,372)	(30,419)	574,992

The contributed surplus of the Company includes (i) the difference between the consolidated shareholders' funds of the subsidiaries at the date at which they were acquired by the Company, and the nominal amount of the Company's shares issued for the acquisition at the time of the group reorganisation prior to the listing of the Company's shares in 1994; (ii) the surplus arising from the group reorganisation in 1998; and (iii) the surplus arising from Capital Reorganisation in June 2009.

Under the Companies Act 1981 of Bermuda (as amended), the contributed surplus account of the Company is available for distribution. However, the Company cannot declare or pay a dividend, or make a distribution out of contributed surplus if:

(a) it is, or would after the payment be, unable to pay its liabilities as they become due; or
(b) the realisable value of its assets would thereby be less than the aggregate of its liabilities and its issued share capital and share premium accounts.

In the opinion of the directors, no reserve was available for distribution to shareholders at 30 June 2011 (2010: USD11,091,000).

33. Principal Subsidiaries

Particulars of the principal subsidiaries at 30 June 2011 and 2010 are as follows:

Name of subsidiary	Place of incorporation/ operation	Class of shares/ equity held	Nominal value of issued and fully paid share capital/ registered capital	Effective percentage of equity interests held by the Company				Principal activities
				Directly		Indirectly		
				2011	2010	**2011**	2010	
				%	%	**%**	%	
Agincourt Resources (Singapore) Pte Limited	Singapore	Ordinary	USD803	**–**	–	**100**	100	Investment holding
Giant Win Limited	Hong Kong	Ordinary	HK$1	**–**	–	**100**	100	Operating fund management
G-Resources Martabe Pty Limited	Australia	Ordinary	AUD1	**–**	–	**100**	100	Investment holding
PT Agincourt Resources	Indonesia	Ordinary	USD5,000,000	**–**	–	**100**	100	Exploration and mining of gold and other minerals
Star Cyberpower Management Limited	Hong Kong	Ordinary	HK$10,000	**100**	100	–	–	Provision of management services and trading of electronic goods and accessories
Star Financial Limited	Hong Kong	Ordinary	HK$200	**–**	–	**100**	100	Provision of financial information services
Winner Force Limited	Hong Kong	Ordinary	HK$1	**–**	–	**100**	100	General administration
Win Genius Investments Limited	Hong Kong	Ordinary	HK$1	**–**	–	**100**	100	Securities investment

The above table lists the subsidiaries of the Group which, in the opinion of the directors, principally affected the results or assets of the Group. To give details of other subsidiaries would, in the opinion of the directors, result in particulars of excessive length.

None of the subsidiaries of the Group had any debt securities outstanding at the end of the reporting period or at any time during the year.

34. Events after the reporting period

On 27 July 2011, the Company entered into a placing agreement with placing agents for placing 2,813,364,000 new ordinary shares of the Company at a price of HK$0.60 per placing share (the "Placing"). The Placing was completed and shares were issued on 3 August 2011 and the net proceeds of approximately USD213 million from the Placing was received accordingly. Details of the Placing were announced on 28 July 2011 and 3 August 2011.

FIVE-YEAR FINANCIAL SUMMARY

(a) Results

For the year ended 30 June

	2007 *USD'000* (Restated)	2008 *USD'000* (Restated)	2009 *USD'000* (Restated)	2010 *USD'000* (Restated)	**2011** ***USD'000***
Revenue					
– Continuing operations	369	1,369	3,739	747	**535**
– Discontinued operation	508	512	273	–	**–**
	877	1,881	4,012	747	**535**
Loss before taxation	(5,711)	(26,327)	(19,731)	(45,297)	**(21,427)**
Taxation	803	(22)	3	–	**22**
(Loss)/profit for the year from discontinued operation	(676)	300	(1,415)	–	**–**
Loss before non-controlling interests	(5,584)	(26,049)	(21,143)	(45,297)	**(21,405)**
Loss attributable to non-controlling interests	6	22	–	–	**–**
Loss attributable to owners of the Company	(5,578)	(26,027)	(21,143)	(45,297)	**(21,405)**

(b) Assets and Liabilities

As at 30 June

	2007 *USD'000* (Restated)	2008 *USD'000* (Restated)	2009 *USD'000* (Restated)	2010 *USD'000* (Restated)	**2011** ***USD'000***
Total assets	39,167	66,551	64,726	620,220	**642,261**
Total liabilities	(567)	(7,149)	(582)	(18,126)	**(52,063)**
	38,600	59,402	64,144	602,094	**590,198**
Equity attributable to owners of the Company	38,593	59,402	64,144	602,094	**590,198**
Non-controlling interests	7	–	–	–	**–**
	38,600	59,402	64,144	602,094	**590,198**

INVESTOR RELATIONS

Investor Communication

G-Resources makes every effort to maintain regular communication with its institutional and private investors and distributes information about the Company's activities through its interim and annual reports.

The Company also publishes information on its business activities through its website, http://www.g-resources.com. In addition to financial reports, the website contains the following:

- Announcements and notices
- Information on change of share capital
- Circulars
- Press releases
- Company presentations
- Interviews

Furthermore, the investor relations team at G-Resources holds regular dialogues with institutional investors in person and during road shows.

Questions about the Company's activities may be directed to **information@g-resources.com.**

Investor Relations Contacts

In Hong Kong:

Mrs Tracey Fanning
T. +852 3610 6700

Mr Richard Hui
T. +852 3610 6700

In Melbourne, Australia:

Ms Murraya Nuzli
T. +61 3 8644 1330

Mr Owen Hegarty
T. +61 3 8644 1330

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., P.C. Woo & 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, 45/F
China Resources Building
26 Harbour Road
Wanchai, Hong Kong

Website:

www.g-resources.com

G-Resources Group Limited
(Incorporated in Bermuda with limited liability)
Stock code: 1051

Registered office
Canon's Court, 22 Victoria Street
Hamilton HM 12, Bermuda

Hong Kong office
Rooms 4501-02, 4510, 45/F
China Resources Building
26 Harbour Road
Wanchai, Hong Kong

www.g-resources.com

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