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INSIDE INFORMATION

This announcement is made by the Company pursuant to Rule 13.09 of the Listing Rules and the Inside Information Provisions (as defined under the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Cap. 571, Laws of Hong Kong).

Reference is made to the Company's announcements dated 26 November 2014, 28 November 2014 and 1 December 2014. Capitalised terms in these announcements shall have the same meanings when used herein unless the context otherwise requires.

The Board wishes to inform the Shareholders and potential investors that it had noted that a further announcement has been released by Mount Gibson on 5 December 2014 providing a further update on the Koolan Island mine and advising that trading of the securities of Mount Gibson has resumed on 5 December 2014.

The Board wishes to further inform the Shareholders and potential investors of the potential additional impairment loss to the Group's investment in associates as a result of the flooding at the Koolan Island mine.

Shareholders and potential investors are advised to exercise caution when dealing in the shares of the Company.

This announcement is made by APAC Resources Limited (the "**Company**") pursuant to Rule 13.09 of the Rules Governing the Listing of Securities (the "**Listing Rules**") on The Stock Exchange of Hong Kong Limited and the Inside Information Provisions (as defined under the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Cap. 571, Laws of Hong Kong).

Reference is made to the Company's announcements dated 26 November 2014, 28 November 2014 and 1 December 2014 (collectively referred to as the "**Announcements**"). Capitalised terms in the Announcements shall have the same meanings when used herein unless the context otherwise requires.

The Board wishes to inform the Shareholders and potential investors that it had noted that a further announcement has been released by Mount Gibson on 5 December 2014 providing a further update on the Koolan Island mine and advising that trading of the securities of Mount Gibson has resumed on 5 December 2014 (the "**Mount Gibson Further Announcement**").

Below is an extract of the contents of the Mount Gibson Further Announcement.

"KOOLAN ISLAND UPDATE

Mount Gibson Iron Limited provides the following update regarding its Koolan Island mine in the Kimberley.

As indicated previously, all non-essential activities on the island have been suspended following the failure of the Main Pit seawall last week, and a comprehensive evaluation of the situation is underway.

This evaluation process remains at a preliminary stage and, consequently, to reduce expenditure and preserve capital, the Koolan Island operation has been placed on effective care and maintenance until such time as the detailed identification and assessment of potential options is completed, and a definitive decision on the mine's future can be made.

The evaluation will include the likely timing and cost of a range of options to rebuild the Main Pit seawall and resume production. The options will then be considered in the context of the outlook for the iron ore market, iron ore prices and exchange rates, and on the basis of what action will best preserve and create value for shareholders. A decision to move towards recommencing production from the Koolan Island mine will only be made if Mount Gibson believes it is viable to do so. An update on the preferred course of action is anticipated in the first half of calendar 2015.

As a consequence of these events the majority of the Koolan Island workforce will be made redundant. The Company will provide outplacement assistance to affected employees, and will pay all entitlements in full.

Mount Gibson anticipates redundancy costs to be in the order of \$11 million.

Mount Gibson confirms that it has insurance policies for a variety of circumstances, including property damage and business interruption. Mount Gibson has commenced discussions with its insurers.

With regards to the current status of activity on Koolan Island, the Company continues to monitor and assess the situation in close collaboration with relevant regulatory agencies. The WA Department of Mines and Petroleum (DMP) is co-ordinating the regulatory assessment process and inspectors from the DMP visited the site on Friday 28 November 2014.

The Company has been in regular communication with its offtake customers and suppliers with respect to Koolan Island to ensure the impacts of these events are managed appropriately.

As part of its normal period-end reporting obligations, the Company will also be reviewing the carrying value of its assets at 31 December 2014, including Koolan Island. Consequently, Mount Gibson anticipates that a substantial non-cash impairment is likely when it reports its financial results for the six months to 31 December 2014, in addition to the previously flagged non-cash write-off of a \$46 million deferred tax asset related to the now-repealed Mineral Resources Rent Tax (MRRT).

The Company revises its sales guidance for the 2015 financial year to a range between 4.4 and 4.8 million tonnes.

The Company confirms that it had cash reserves at 30 November 2014 of \$360 million and minimal debt. This is after the distribution of \$43.6 million in dividends in October, and quarter-to-date expenditure on fleet and equipment of \$11 million.

Mount Gibson will provide further updates as appropriate.

The Company has requested that trading in its securities be released from voluntary suspension.”

The Board wishes to advise the Shareholders and potential investors that, due to this incident, the closing price of the shares of Mount Gibson (the “**Mount Gibson Shares**”) has dropped to A\$0.205 (approximately HK\$1.33) per share as at the date of this announcement from A\$0.69 (approximately HK\$4.49) per share as at 30 June 2014. Based on the book carrying value of the interests in associates of the Group (collectively the Company and its subsidiaries) as at 30 June 2014 and assuming the closing price of the Mount Gibson Shares is the recoverable amount of the interests in associates of the Group as was the case for the year ended 30 June 2014, a potential additional impairment loss of approximately HK\$997 million may need to be made by the Group.

The Group will review the carrying value of its interests in associates when it reports its interim results for the six months ended 31 December 2014 and will consider making any additional impairment loss provision as deemed appropriate.

The Board wishes to further advise the Shareholders and potential investors that as a result of the flooding at Mount Gibson’s Koolan Island mine, Mount Gibson has declared force majeure under a long term iron ore sales agreement for the supply of iron ore from the Koolan Island mine to a subsidiary of the Company and, as such, there will be no further iron ore supply from Mount Gibson under such agreement until such time as and when the force majeure as declared is uplifted by Mount Gibson.

Unless otherwise stated, amounts in A\$ have been translated into HK\$ at the exchange rate of HK\$6.506 to A\$1 for illustration purpose only. No representation has been made that any amount in A\$ or HK\$ can be or could have been converted at the date of this announcement at the above rate or any other rates at all.

Shareholders and potential investors are advised to exercise caution when dealing in the shares of the Company. Further announcement(s) will be made as and when appropriate.

By Order of the Board
APAC Resources Limited
Chong Sok Un
Chairman

Hong Kong, 5 December 2014

As at the date of this announcement, the directors of the Company are:

Executive Directors

Ms. Chong Sok Un (*Chairman*), Mr. Andrew Ferguson (*Chief Executive Officer*) and Mr. Kong Muk Yin

Non-Executive Directors

Mr. Lee Seng Hui (*Mr. Peter Anthony Curry as his alternate*) and Mr. So Kwok Hoo

Independent Non-Executive Directors

Dr. Wong Wing Kuen, Albert, Mr. Chang Chu Fai, Johnson Francis and Mr. Robert Moyse Willcocks

* *For identification purpose only*