

BlackRock

Rowena Kwok
Phone: (+852) 3903 2913
Email: rowena.kwok@blackrock.com

Georgette Lee-Tong
Phone: (+852) 3903 2778
Email: georgette.leetong@blackrock.com

Finsbury

James Hill
Phone: (+852) 3166 9868
Email: james.hill@finsbury.com

Queenie Tsao
Phone: (+852) 3166 9839
Email: queenie.tsao@finsbury.com

BlackRock Urges Other G-Resources Shareholders to Vote Against the Martabe Mine Sale

February 29, 2016, Hong Kong – BlackRock, Inc. (“BlackRock”) today issued the attached letter to fellow Shareholders of G-Resources Company Limited (the “Company”, HKEx stock code: 1051), urging them to vote against the Company’s proposed sale of its primary asset, the Martabe Mine (the “Mine”), at a Special General Meeting (SGM) in Hong Kong on March 8, 2016.

BlackRock would like to draw attention to the following key points:

- The mine is an attractive asset based on its low costs of production, long mine life and significant exploration potential.
- Many investors, including BlackRock, invested in the business from 2009 to gain exposure to this highly attractive asset and for exposure to the gold sector. The Board’s decision to dispose of the Mine in order to focus on an altered strategy involving investments in principal investment, financial services and real property investment businesses (“New Businesses”) in which they have no demonstrable experience, is contrary to the investment objectives of many of the Company’s investors. This shows a complete disregard for all Shareholders who invested in the Company on the basis of its mining assets and patiently waited for two years for the Mine to commence operations.
- As well as opposing the Company’s shift in strategy, we note that the Board has failed to demonstrate any meaningful level of progress or competency with its ambition to move into the New Businesses as described in the Company’s two announcements of December 9, 2014 and August 7, 2015, to generate better returns and cash flows than that produced by the Mine. We also note that none of the Board and Senior Management team appears to have any background or experience in the New Businesses.
- We have little confidence that the proceeds from the proposed sale will be deployed in the best interests of the Company and its Shareholders, based on a number of prior corporate events and incidents as outlined in the attached letter:
 - Proceeds raised from a rights issue in August 2013 were not used for the general working capital of the Mine as intended;
 - The Company has not provided adequate disclosure and explanations to Shareholders on its change of strategy, how it intends to execute its New Businesses and how funds from the sale of the Mine will be used effectively; and

- The Board has ignored our repeated requests to return capital to Shareholders, including funds not used for the Mine's working capital, as well as the proceeds from the potential Mine disposal.

BlackRock urges all fellow Shareholders to vote against the proposed sale at the SGM in order to:

- Avoid being forced into investing in the New Businesses in which management has no expertise.
- Encourage the Board to properly consider how best to honour its obligations to all Shareholders, including offering a proper exit for Shareholders by way of a special dividend or share buyback as it considers moving away from the mining business and into the New Businesses.

Pru Bennett, Head of BlackRock's Investment Stewardship team for the Asia Pacific region, commented: "BlackRock takes its role as fiduciary to our clients very seriously and we undertake our stewardship work with the aim of protecting and enhancing the long-term value of our clients' assets. To this end, we are disappointed that G-Resources' disclosure and governance has fallen well below the standards we expect from a Hong Kong listed company. We have been a patient investor since 2009. There has been no satisfactory explanation of its change of strategy and we are perplexed by the Company's complete lack of progress over the last 15 months in building out its new 'principal investment' business and 'financial services' business. Fundamentally, we now question management's ability to wisely use the proceeds, from the proposed sale of the Mine, for the benefit of the Company and its Shareholders, and therefore vigorously urge all other Shareholders to join us in rejecting the sale."

"As the world's largest asset manager and a leading investor in Asian equities, we believe companies in Asia must increase their efforts in reaching the highest levels of corporate governance, and see this as fundamental to creating long term sustainable business value. We are committed to being an engaged shareholder and in supporting management teams as they strive to implement social, environmental and governance changes for the benefit of their companies and their stakeholders."

Ends

About BlackRock

BlackRock is one of the global leaders in investment management, risk management and advisory services for institutional and retail clients. At December 31, 2015, BlackRock's AUM was US\$4.645 trillion. BlackRock helps clients around the world meet their goals and overcome challenges with a range of products that include separate accounts, mutual funds, iShares® (exchange-traded funds), and other pooled investment vehicles. BlackRock also offers risk management, advisory and enterprise investment system services to a broad base of institutional investors through BlackRock Solutions®. As of December 31, 2015, the firm had approximately 13,000 employees in more than 30 countries and a major presence in key global markets, including North and South America, Europe, Asia, Australia and the Middle East and Africa. For additional information, please visit the Company's website at www.blackrock.com/hk and www.blackrock.com/sg | Twitter: @BlackRockHK and @BlackRockSG

Important notes

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BlackRock Inc.

Letter from BlackRock Inc. to all other shareholders of G-Resources Group Limited.

BlackRock urges you to vote against the Proposed Sale of the Martabe Mine.

Dear Fellow Shareholders,

Introduction

BlackRock, Inc. (“**BlackRock**”) holds over 8% of the ordinary share capital of G-Resources Group Limited (the “**Company**”, HKEx stock code: 1051), having invested in the business from 2009 on behalf of clients seeking exposure to the gold sector. We considered the primary asset of the Company, the Martabe Mine (the “**Mine**”), to be particularly attractive based on its low costs of production, long mine life and significant exploration potential.

On November 23, 2015, G-Resources issued an announcement (with related circular issued on February 18, 2016 (the “**Circular**”)) about the planned disposal of the Mine where it stated that the sale proceeds will be applied for its principal investment, financial services and real property investment businesses (collectively the “**New Businesses**”).

In this letter, we state our reasons for why **we strongly oppose the sale of the Mine and urge all Shareholders to reject the proposed sale** at the Special General Meeting on March 8, 2016 (the “**SGM**”).

Shareholders should vote NO

Why Shareholders should not support the sale of the Mine:

- Many investors, including BlackRock, invested in the business from 2009 to gain exposure to the highly attractive Mine and for exposure to the gold sector. Having invested on behalf of our clients primarily seeking exposure to the gold sector, we considered the Mine to be a particularly good asset. The Board’s altered strategy involves divesting of the Mine and using the sale proceeds to invest in the New Businesses. This is contrary to the investment objectives of many investors in the Company.
- The Board has failed to demonstrate any meaningful level of progress or competency with its ambition to move into the New Businesses as described in the Company’s two announcements of December 9, 2014 and August 7, 2015, to generate better returns and cash flows than that produced by the Mine.
- Since the Company announced on December 9, 2014 its change in investment strategy there has been no change in the Company’s senior management team to reflect the change in investment strategy¹. None of the current senior management team appear to have any background or experience in the New Businesses.
- BlackRock has little confidence that the proceeds from the proposed sale will be used in the best interests of the Company and its Shareholders, and we base this on a number of prior corporate events and incidents as stated below.
- The Board has ignored our repeated requests to return capital to Shareholders.

Concerns regarding prior corporate events

On August 29, 2013, the Company announced a rights issue which intended to raise not less than approximately HK\$1,211 million (US\$156 million). The announcement stated that “all the proceeds raised from the Rights Issue, after deduction of all the relevant expenses, are intended to be used for general working capital of the Group”, which implied use at the Mine given it was the Company’s primary business at time of

¹ <http://www.g-resources.com/about-us/management-overview/senior-management>

the announcement. This was the basis on which BlackRock and we believe many other shareholders subscribed to the rights issue.

It appears from subsequent disclosures by the Company that these funds were not used for general working capital at the Mine, but instead used to purchase a variety of unlisted debt securities and stakes in unlisted real estate funds whilst providing little visibility or appropriate disclosure on these investments to Shareholders. These funds, along with cash flow from the Mine, have also been used to purchase ten car parking spaces and three commercial office units in AXA Centre, Wanchai, Hong Kong as further described in the Company's announcement dated August 11, 2015.

Accordingly, **we have requested the Board to return these funds to Shareholders given they were not used for the Mine's working capital purposes.** However, the Board has not made any comment or commitment to do this in the Circular despite our previous discussions with the Chairman and Vice-Chairman of the Company on December 16, 2015 (the "**December Meeting**").

At the December Meeting, we had lengthy and detailed discussions with the Chairman and Vice-Chairman of the Company in which we requested the Board to:

- Distribute 100% of the proceeds from the sale of the Mine to Shareholders by way of a special dividend or other distribution.
- Initiate a share buy-back or tender-offer programme to allow Shareholders who invested in the Company on the basis that it was primarily a mining business to exit in a controlled manner to minimise downward pressure on the share price.
- Undertake a new capital raising programme from any remaining Shareholders to support the growth of the New Businesses.

The Board has ignored all such proposals notwithstanding the Company will hold approximately US\$1 billion of cash and marketable securities following the disposal of the Mine. Instead the Board continues to provide minimal details on the use of such proceeds and we believe fellow Shareholders should be greatly concerned in light of the Company's prior track record. While we note that the Circular briefly references that the proceeds will be used for the 'principal investment' business and 'financial services' business, there is a startling lack of detail on how these businesses will be staffed, overseen and relevant opportunities sourced and evaluated. To date, the Board has patently failed to develop appropriate resources to build meaningful businesses in these areas.

BlackRock believes the Company's disclosure and explanations to Shareholders on its change of strategy has been well below the standards we expect from a listed company. The Company's interim report (released on September 25, 2015) provided scant detail on the investments made to date and future investment plans, and the corporate presentation² from November 2015 contains no details at all about the non-mining side of the business. We believe this does a great disservice to all Shareholders.

Conclusion and next steps

In principle, BlackRock is not opposed to the sale of the Mine at the disclosed price. However as elaborated above, **we cannot support** the transaction because:

- There is lack of clarity around the proceeds from the sale.

² <http://www.g-resources.com/wp-content/themes/twentyten/pdf/presentations/eng/pre1511.pdf>

- There is a complete disregard for all Shareholders who invested in the Company on the basis of its mining assets and patiently waited for two years for the Mine to commence operations.
- There is little track record of the Board and the senior management in the New Businesses.

Therefore, **we urge all fellow Shareholders to vote against the proposed sale at the SGM** in order to:

- Avoid being forced into investing in the New Businesses which management has no expertise.
- Encourage the Board to properly consider how best to honour its obligations to all Shareholders, including offering a proper exit for Shareholders by way of a special dividend or share buyback as it considers moving away from the mining business and into the New Businesses.

If Shareholders are successful in rejecting the sale of the Mine, consideration can then be given to calling a further SGM to implement changes to the Board to explore alternative ways to return surplus capital to Shareholders, including proceeds from a future sale of the Mine and better ensure it will act in the interests of all Shareholders.

BlackRock takes our role as fiduciary to our clients very seriously and undertake our stewardship work with the aim of protecting and enhancing the long-term value of our clients' assets.

BlackRock will continue to engage with the Board of G-Resources to press the Board to address the issues we have highlighted in this letter and to better protect and enhance value for Shareholders.

If Shareholders have any queries in relation to the matters raised in this letter, please contact the email address: ProtectValue4G-ResourcesShareholders@blackrock.com