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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, 1 December 2014 and 5 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 on 28 January 2015, Mount Gibson has released its quarterly report for the three months ended 31 December 2014 which provided, *inter alia*, a further update on the Koolan Island mine operation and an alert as to the likely impairment provision to the carrying value of its assets as at 31 December 2014.

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, 1 December 2014 and 5 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 on 28 January 2015, Mount Gibson has released its quarterly report for the three months ended 31 December 2014 (the “**Mount Gibson Quarterly Report**”) which provided, *inter alia*, a further update on the Koolan Island mine operation and an alert as to the likely impairment provision to the carrying value of its assets (the “**Impairment**”) as at 31 December 2014.

Below is an extract of the contents of the Mount Gibson Quarterly Report.

“KOOLAN ISLAND

Ore shipments from Koolan Island during the December quarter totalled 331,000 wmt, including the final shipments of Rizhao Special Product (RSP) totalling 142,000 wmt. No shipments were made after October due to the failure of the Main Pit seawall.

As reported during the period¹, following an initial slump in the Main Pit seawall on 24 October 2014, and before remediation efforts could be completed, a major failure of the seawall occurred on 26 November. Main Pit was inundated as a result of this breach of the seawall.

All non-essential activities on the island were suspended following the seawall failure in order to reduce expenditure and preserve capital while detailed identification and assessment of potential redevelopment options are completed. Force majeure notices were issued to major offtake customers and suppliers.

Importantly, no Mount Gibson personnel were harmed or put at risk as a result of the safety protocols enacted by the Company. Environmental monitoring and assessment has been conducted since the event and no significant marine impacts from the seawall failure have been identified to date.

The detailed evaluation work now underway includes assessment of the likely timing and cost 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 Main Pit at Koolan Island will only be made if Mount Gibson believes it is viable to do so. Mount Gibson anticipates it will be in a position to provide an update on the preferred course of action in the first half of calendar 2015.

While major activities at Koolan Island were wound back, mine planning in December identified approximately 400,000 tonnes of accessible material grading 58-59% Fe in the Acacia East satellite pit on the northern side of the island. At current spot prices and exchange rates, the Company expects the mining and sale of this higher-silica material to generate a gross cash margin of approximately \$5-10 million.

⁽¹⁾Refer ASX releases dated 27 October, 10 November, 26 November, 28 November and 5 December 2014.)”

“KOOLAN ISLAND INSURANCE

As indicated during the quarter, Mount Gibson has insurance policies for a variety of circumstances, including property damage and business interruption. Discussions with the Company’s insurers commenced in December with regard to the failure of the Koolan Island seawall and continue to progress. It is not yet possible to accurately estimate the potential quantum or timing of any claim.”

“IMPAIRMENT AND HALF YEARLY FINANCIAL RESULTS

As part of its normal period-end reporting obligations, the Company is reviewing the carrying value of its assets at 31 December 2014 in light of changed market conditions and developments at Koolan Island. As indicated during the quarter³, 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.

Based on preliminary evaluation, Mount Gibson anticipates this non-cash impairment to total between \$850 million and \$950 million before tax. This will be in addition to the previously flagged non-cash write-off of a \$46 million deferred tax asset related to the Mineral Resources Rent Tax (MRRT) which was repealed by the Australian Senate, effective 1 October 2014.

The Company expects to release its financial results for the six months to 31 December 2014 in the second half of February 2015.

(³Refer ASX release dated 5 December 2014.)”

The Board wishes to advise the Shareholders and potential investors that the Group will review the carrying value of its interests in associates and the impact of the Impairment to the Group’s results for the six months ended 31 December 2014 as and when Mount Gibson releases its results for the six months ended 31 December 2014 (which the Company understands will be released in the second half of February 2015) and will consider making any additional announcement(s) as and when required.

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, 28 January 2015

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*