



Gold : Gold Road Resources Ltd (GOR)

By : Eagle Research (Keith Goode)	FEBRUARY 2015 REVIEW OF GOLD ROAD	25 March 2015
Year Low/High:	\$0.14 - \$0.40	Recommendation BUY
Diluted No. Shares	608.1m	Share Price \$0.355
Diluted Mkt Cap :	A\$216m	Target Price (5%NPV @ US\$1150/oz : A\$0.70) > A\$0.50
Net Cash (31 December 2014)	A\$21m	
15.1m options, 1.9m out-of-the-money, and 3.3m perf rights	www.goldroad.com.au	T:+618 9200 1600

Gold Road Resources Limited (GOR) – Working on its PFS for >200,000ozpa Gold Production, potentially from 2018

- *Having completed its scoping study on a possible 5mtpa operation at Gruyere in January 2015, Gold Road (GOR) has moved into a two-stage PFS in 2015, initially identifying the optimum production rate between 5mtpa & 10mtpa (possibly 7.5mtpa?), followed by detailed design. Assuming that the PFS is completed by Dec 2015, GOR could then start a DFS, financing and construction with a view to producing >200kozpa gold from late 2017/early 2018 at a targeted AIC of <A\$1000/oz.*
- *Given that a typical Australian designed plant often treats ~20% more than its designed rate, the initial oxidised throughput rate of a 5mtpa plant could easily be 5.5mtpa or higher, and we have used 5.5mtpa in our/ERA model scenario, expanding the plant after 2 years by 2mtpa to achieve a throughput rate of ~7.5mtpa or so. Grades are expected to be fairly homogenous at ~1.2g/t, which with a ~95% recovery gives >200kozpa at 5.5mtpa. The scoping study also included Central Bore, whereas our modelling excludes it until possibly later in Gruyere's life, reducing initial risk and capex.*
- *Gruyere is currently in PFS infill aimed at taking the bulk of its in-pit resource up to indicated status and reducing the size of the waste blocks when it is expected to be reported in SQ2015 at potentially >5moz (ERA estimate). However, GOR also has an extensive exploration programme firmly focused on making another Yamarna greenstone belt discovery possibly amongst the ~15km long goldfield targets containing Smokebush, Wanderrie, Beefwood, Monteith or Corkwood with results from Mar/Apr 2015.*
- *Although it is early and only a significant intersection, being 59m @ 3.03g/t from 127m (including at least 6 separate intersections ranging from 5.0g/t to 20.6g/t), the Smokebush result over a ~800m strike length could become Gold Road's next discovery.*

FINANCIAL ESTIMATES : (Note : This ERA scenario is just one of a number of possible scenarios that could occur :)

Year end June		2015/17f	DH17f	JH18f	2018f	2019f	2020f	2021f	2022f
Gold Sold	koz		18	92	110	202	202	257	275
Gold Price Received	US\$/oz		1150	1150	1150	1150	1150	1150	1150
Gold Price Received	A\$/oz		1533	1533	1533	1533	1533	1533	1533
Cash Opg Cost (excl royalties)	A\$/oz		737	737	737	764	772	813	813
Total Cash Cost	A\$/oz		790	790	790	818	826	867	867
AISC Cost	A\$/oz		927	861	872	882	890	917	907
NPAT	A\$m		-0.4	30.7	30.3	49.4	44.5	54.2	61.7
EPS	c		0	5	5	8	7	9	10
No Shares	M		605	608	608	608	608	608	608
P/E ratio @ A\$0.355	x				7.1	4.4	4.8	4.0	3.5

OTHER KEY POINTS:

- **GOR has a 5%NPV of ~A\$0.70 at US\$ 1150/oz** (A\$1535/oz at A\$/US\$0.75 based only on Gruyere). The NPV rises by ~A\$0.15 per US\$50/oz increase in the gold price.
- **Infrastructure appears to be very good for Gruyere**, with already established road and delineated water supplies. Power appears likely to initially be diesel power, with a future option of either accessing the gas pipeline to Tropicana, or accessing it from Laverton.
- **The strip ratio for Gruyere could be <1.3 to 1.** The scoping study's 1.6:1 included ~14.5mt of pre-strip (excluding it, results in 1.3:1), and infill aims to reduce the sizes of the currently contained waste blocks.
- **The size of the exploration targets is huge** (100m spaced RAB/interface to ~5m deep or aircore to ~50m, on lines ~800m apart). So when >1g/t (ie up to 15g/t) "hits" occur, they are regarded as significant for follow-up.

Corporate Overview

This is our second report on Gold Road Resources Ltd (GOR), whose share price has more than doubled since our March 2014 report at 16c. In September 2014, GOR placed 77m shares at 30c which with the exercise of options and performance rights has resulted in the current **~594.9m fpo shares** in issue. There are also 15.1m options of which 1.9m are "out-of-the-money" and 3.3m performance rights.

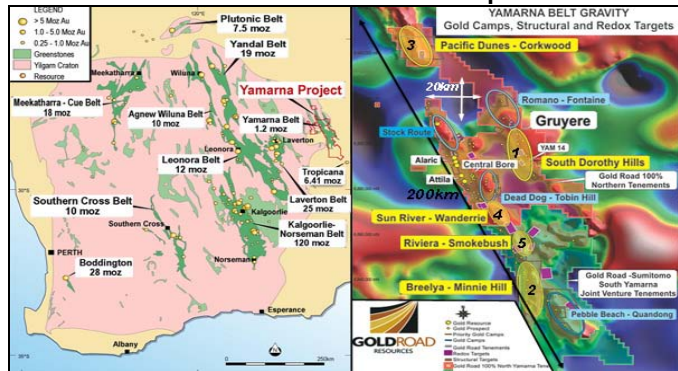
In the past year, GOR delineated a maiden resource of 3.84moz (96.9mt @ 1.23g/tAu) in August 2014 at its Gruyere discovery within the Dorothy Hills, in its almost wholly owned Yamana greenstone belt, located ~150km east of Laverton in the WA Goldfields. Gold Road rapidly advanced Gruyere into a scoping study which was completed in January 2015 based on a 5mtpa plant treating Gruyere and Central Bore at initially >200kozpa over an 11-year life at expected all-in-sustaining-costs of ~A\$920/oz, for capex of ~A\$360m.

Gold Road has now started on part 1 of its PFS, to establish the most optimal treatment rate, ie 5mtpa, 7.5mtpa or 10mtpa, after which part 2 of the PFS can be completed by the end of 2015, leading straight into the detailed design of a DFS in 2016. The scoping study was already fairly detailed and comprehensive, extending to a ~230 page long summary with an additional ~900 pages in appendices.

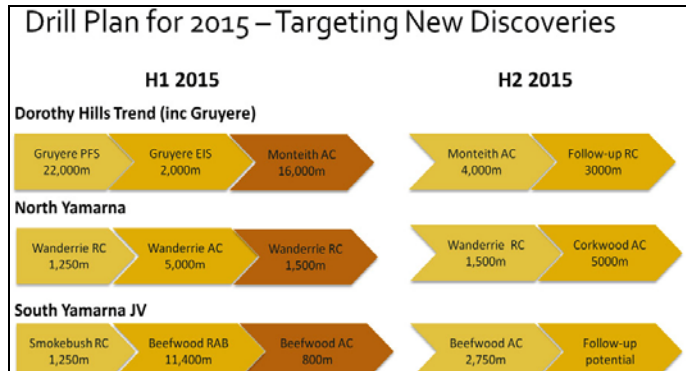
Gold Road is currently infilling the Gruyere resource aiming to see what depth it extends to and to reduce the size of the waste (lower grade) blocks within the resource and on the irregular sides of the resource. The **new Gruyere resource when released in SQ2015** (to June 2015) potentially could be closer to ~5moz, especially given that 20 Jan 2015 intersection of 781m @ 1.3g/t from 22m. That drillhole was designed to go to 1000m but became "caught" in a dyke at depth, and hence a further hole is to be drilled. The 1.3g/t average understates the high grade areas intersected along the length of the drillhole.

Figure 1. Location of GOR's Tenements and Prospects, and Drill Plan for 2015

a. Location of GOR's Tenements and Prospects



b. GOR's Drill Plan for 2015



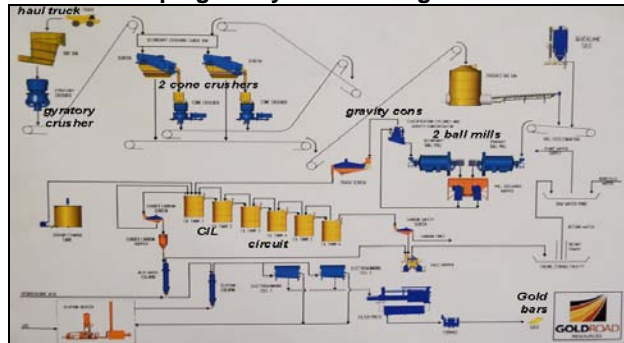
Also during the past year, GOR continued with the systematic evaluation of its gold camps both in its wholly owned northern tenements and in the Sumitomo JV over its southern tenements. And while eliminating some possible targets (such as Toto), GOR is currently RC drilling 2 targets, namely Wanderrie (4) and Smokebush (5) as shown in Figures 1a and 1b, (assay results expected from late March / April 2015) any of which could become GOR's next discovery in the Yamana greenstone belt.

Mining and Treatment

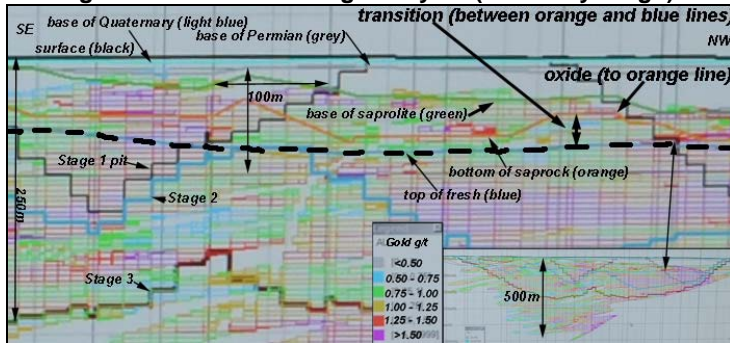
The envisaged treatment plant is shown in Figure 2a and contains gravity concentration and conventional CIL leaching, resulting in expected gold recoveries of >95%. Given that a typical Australian plant incorporates a conservative design factor of ~20%, it appears likely that a 5mtpa rated (hard/fresh) plant could ramp up and treat at least 5.5mtpa (possibly even 6mtpa) for the first 2 to 3 years, especially as the initial ore being processed should be relatively soft (oxide and transition) as shown in Figure 2b.

Figure 2. GOR's Scoping Study Plant Configuration, and Long Section SE/NW through Gruyere

a. GOR's Scoping Study Plant Configuration

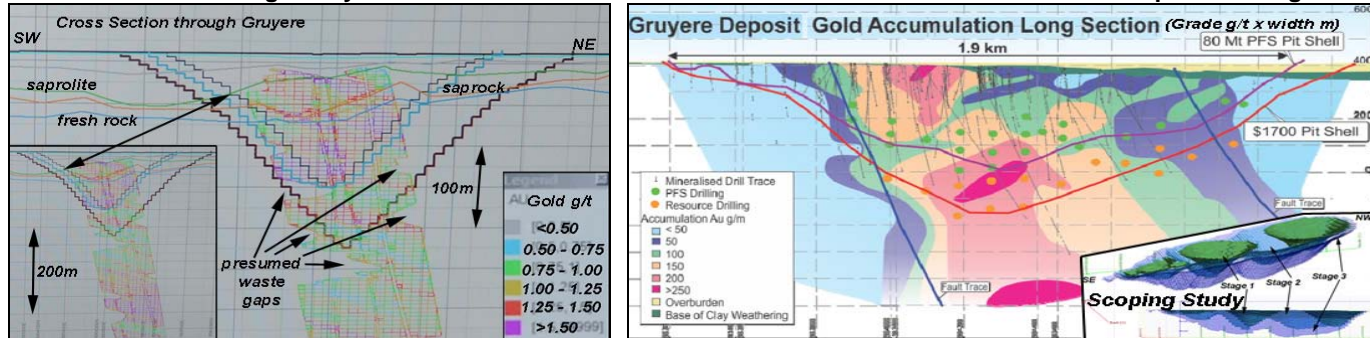


b. Long Section SE/NW through Gruyere (values by Au g/t)



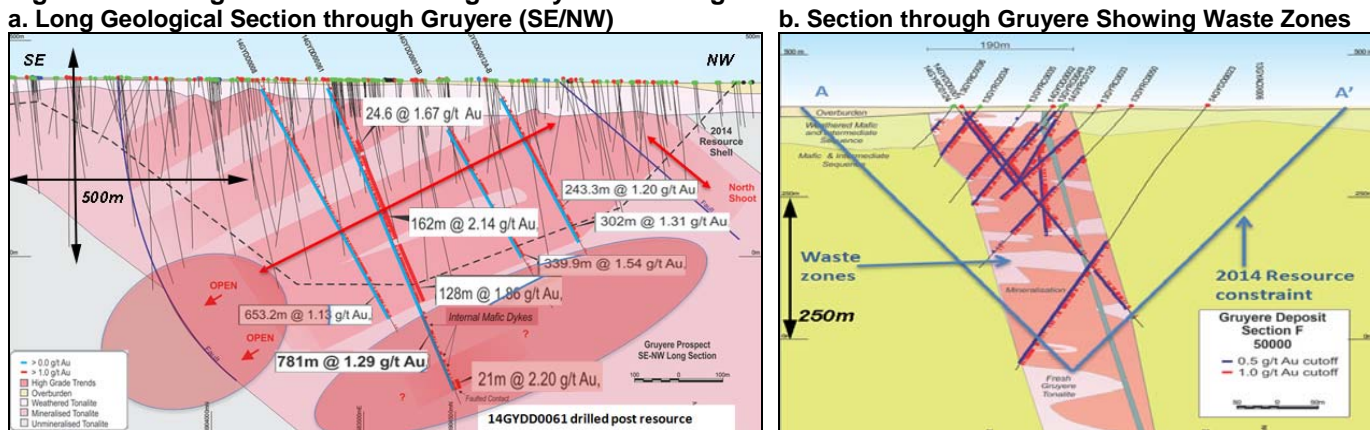
The treatment rate depends on the pit shells which hence impact on the strip ratio and resulting AISC. The scoping study strip ratio for the 5mtpa case was stated as 1.6:1, however, that **included ~14.5mt of pre-strip** (being Quaternary ~3mt and Permian cover ~11mt, that was included in the initial capex), so the actual post pre-strip, strip ratio over Gruyere's 10 to 11-year life averages ~1.3:1. The strip ratio is also initially relatively high as inferred from Figure 2b and in cross-section in Figure 3a, due to the removal of most of the saprolite before encountering the oxidised mineralisation (down to the bottom of the saprock).

Figure 3. Cross Section through Gruyere, and Gold Accum Section & 3d Schematic of 5mtpa o/cut stages



It can also be seen in Figures 4a and 4b, that there are a number of presumed waste gaps in the Gruyere orebody. At depth in Gruyere, the low grade in Figure 4a was due to the drillhole becoming "stuck" or "controlled" by a dyke. Gold Road intends to infill and reduce the size of some of the waste blocks especially along the "feathered" sides of the orebody, **which could reduce the strip ratio to <1.3:1**.

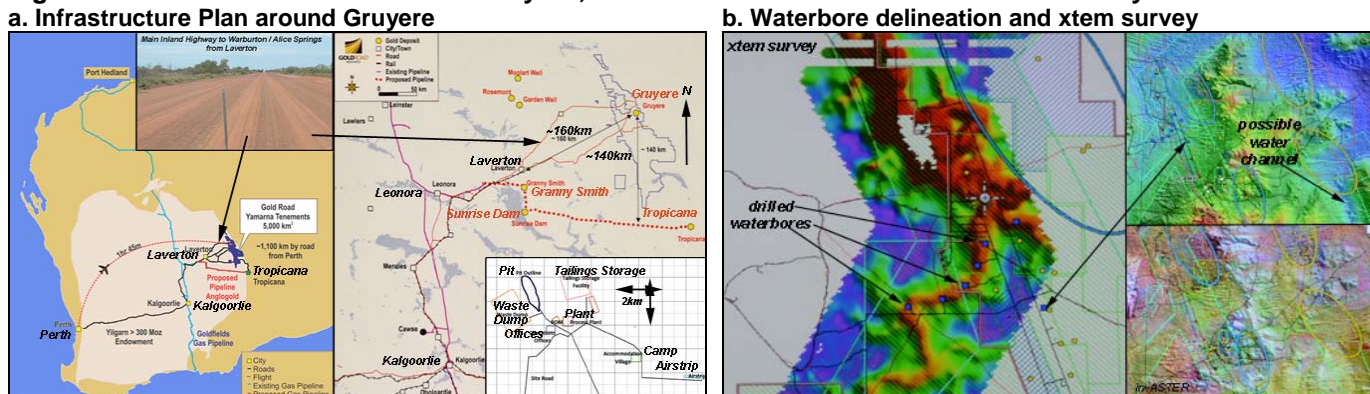
Figure 4. Geological Sections through Gruyere Showing Waste Zones



While accepting that the resulting size of the plant has still to be determined by the PFS, we/ERA have assumed that a 2mtpa plant expansion occurs in the third year, incorporating scats regrind etc, to take the plant capacity up to ~7.5mtpa. This could occur using the cashflow from the first 2 to 3 years, and reduce the amount of upfront debt and equity required for a start-up 7.5mtpa plant. **We have also excluded Central Bore from the initial mining schedule**, because underground is a separate mining discipline and our previous examination of the Central Bore drillcore (see Figure 3b on page 3 of our/ERA April 2014 report available on www.eagleres.com.au) inferred that it did not appear to be an easily recognisable ~20cm thick unit, and could hence carry greater risk early in the mine's life; & exclusion reduces the initial capex required.

Given that GOR has almost the entire Yamana greenstone belt, it appears likely that an underground orebody could be found. Should that occur, then the ~150ktpa Central Bore could form part of that "underground mining team's schedule", and if not, it instead could be treated later in the life of Gruyere.

Figure 5. Infrastructure Plan around Gruyere, and Waterbore delineation and xtem survey



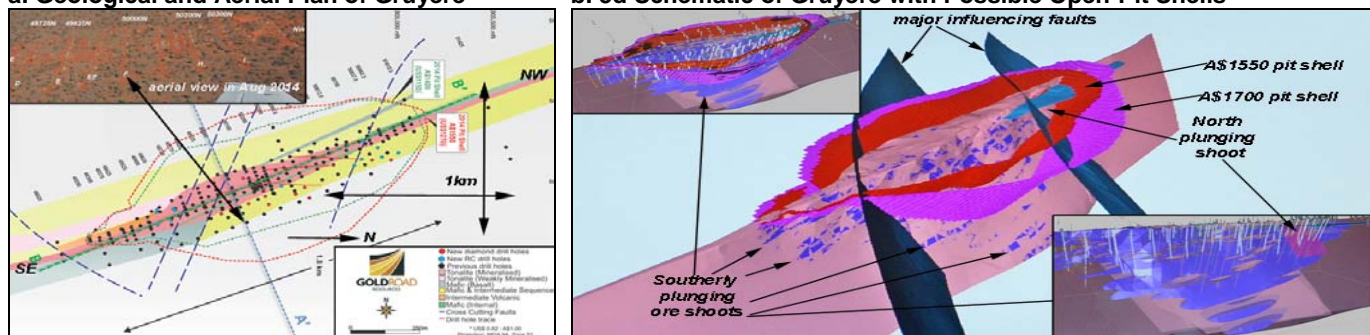
For a project located ~160km NE of Laverton, Gruyere already has remarkably good infrastructure as shown in Figure 5a. The main inland highway passing north of Gruyere is a very high class dirt road as shown inset in the Figure. Power is currently expected to be diesel generated, although gas is a future option, especially as AngloGold intend to extend the gas pipeline from Murrin Murrin via Granny Smith and Sunrise to Tropicana as also shown inset in the Figure. AngloGold intend to construct the pipeline with ~350 people completing it by MQ2016, with T-pieces installed where required/requested en-route.

Fortunately there appears to be reasonably abundant water with a relatively low TDS (salt) content. There is a creek and a creek dam on the property (that we/ERA saw in March 2014), and a number of water bores capable of supplying a 5mtpa operation. The water bores are in an old palaeochannel, with their location reconfirmed by an xtem survey as shown in Figure 5b. There are two other potential borewater supply locations that have been identified in Figure 5b, and expected to be delineated using xtem and follow-up exploration drilling.

Gruyere

Gold Road's flagship project of Gruyere is shown in plan and aerially in Figure 6a, with the current 3d model shown in Figure 6b. The southerly plunging ore shoots in the main Gruyere orebody shown in Figure 4a, can also be identified using the muscovite and rutile/ilmenite distributions within the tonalite. While to the north, the northerly plunging higher grade ore shoot appears to be influenced by the cross-cutting north fault shown in Figure 6b; with the higher width in the south, possibly due to the south fault.

Figure 6. Geological and Aerial plan of Gruyere, and 3d Schematic of Gruyere with Possible Open-Pit Shells



The higher grade ore shoots are not identifiable within the broad resource of 97.3mt @ 1.23g/t for 3.84moz, as reported in August 2014 and shown in Table 1. Gold Road's current target as reported in presentations to **take the indicated resource (within the PFS pit shell) up to ~80mt**. Together with deeper extensions beyond the current resource limits, Gruyere's total resource **could exceed 5moz** (ERA estimate). With Govt funds, GOR intends to drill a 1.5km long EIS drillhole at Gruyere in JQ2015.

Table 1. Gold Road's Resources as at August 2014

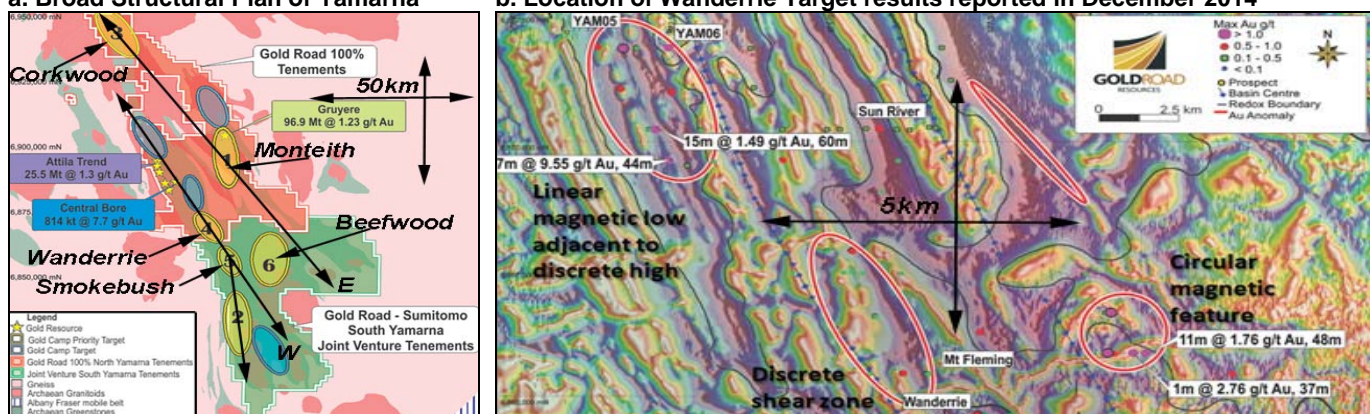
as at August 2014		Measured & Indicated			Inferred Resources			Total Resources		
Resources	Area	Tonnes	Grade	Gold	Tonnes	Grade	Gold	Tonnes	Grade	Gold
Structure		Mt	g/t	000oz	Mt	g/t	000oz	Mt	g/t	000oz
Gruyere	Dorothy Hills	40.2	1.2	1577	56.7	1.2	2260	96.9	1.2	3837
Central Bore	includes Justinian	0.5	10.3	156	0.3	4.1	45	0.8	7.7	201
Attila Trend	Attila, Alaric & Khan	17.7	1.3	762	7.8	1.2	298	25.5	1.3	1,060
Total Resources		58.4	1.3	2495	64.9	1.2	2603	123.3	1.3	5,098

Note : Imperial shoot is contained within Central Bore and @ a 1g/t cut/off & top-cut, is 154kt @ 22.7g/t for 112.2koz; or @ 31.3g/t uncut for 154.7koz

Geological Prospectivity

The geological prospectivity of the Yamana greenstone belt can currently be subdivided into 2 broad NW/SE striking structures (W & E) as shown in Figure 7a, including the planned target areas for 2015.

Figure 7. Broad Structural Plan of the Yamana Greenstone Belt, and Location of Wanderrie Target results reported in December 2014

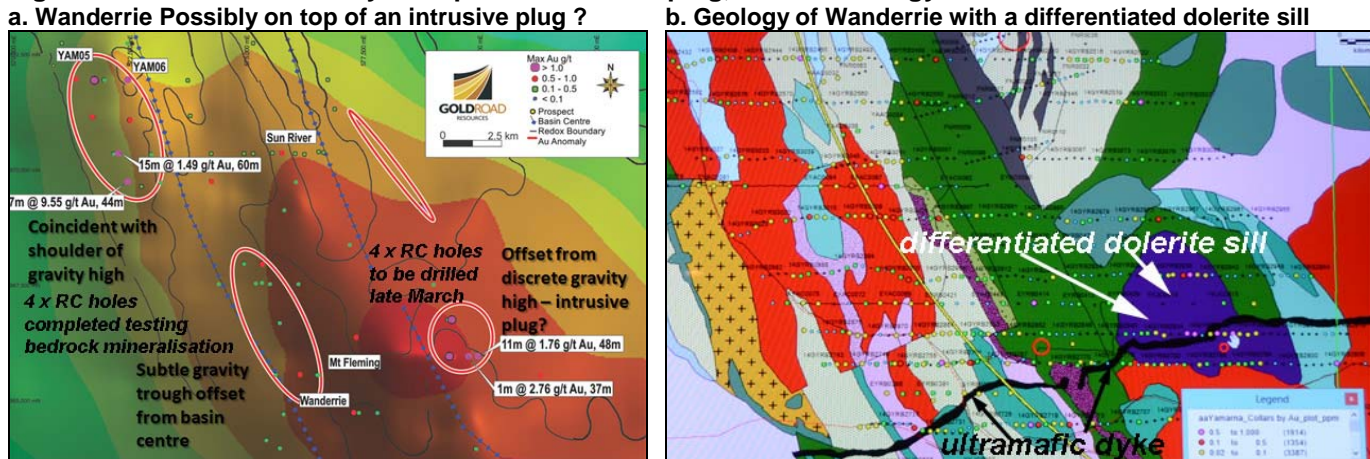


GOR has an extensive exploration programme firmly focused on making another Yamarna greenstone belt discovery as shown for 2015 in Figure 1b under 3 sub-heading areas, possibly amongst the ~15km long goldfield targets containing Smokebush, Wanderrie, Beefwood, Monteith or Corkwood with results from Mar/Apr 2015. A common comment is **"the size of the exploration targets are huge"** (100m spaced RAB/interface to ~5m deep or aircore to ~50m deep, on lines ~800m apart). So when >1g/t (ie up to 15g/t) "hits" occur such as at Wanderrie and Smokebush, they are regarded as significant for follow-up.

North Yamarna

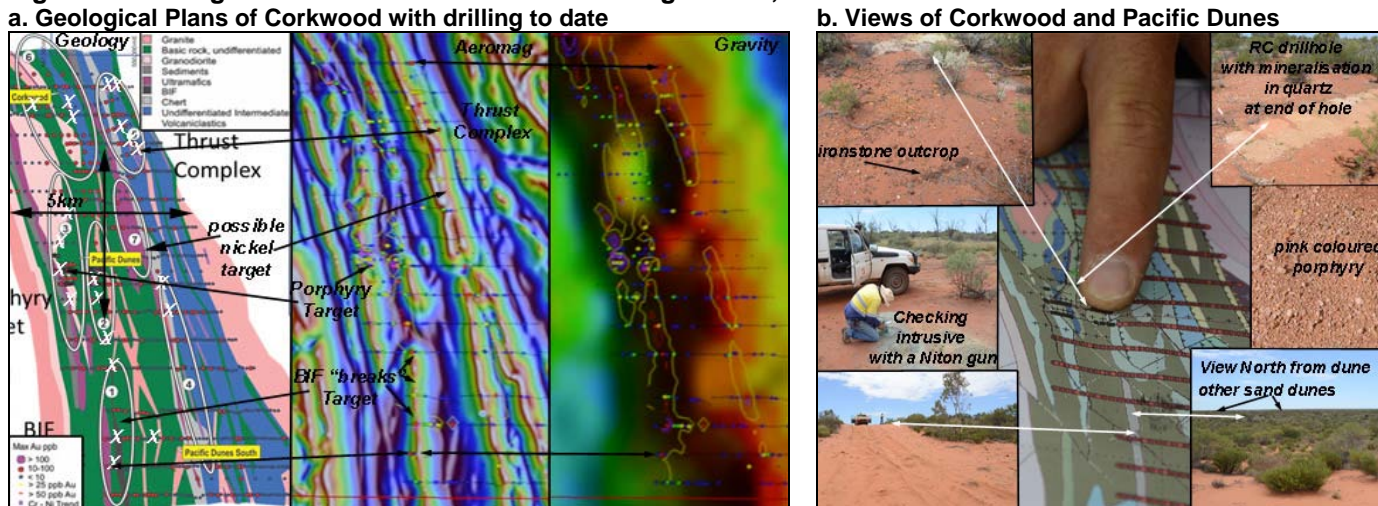
One of GOR's prime exploration targets is **Wanderrie**, which jumped to the head of the exploration queue & displaced Corkwood when it reported a number of >1g/t intersections from an aircore programme on 16 December 2014, with a peak intersection of **7m @ 9.55g/t from 44m including 4m @ 15.5g/t from 44m**. This was in an aircore programme of 100m-spaced drillholes mostly to ~50m depth on 800m spaced lines covering the ~10km strike length of the Sun River-Wanderrie camp target, ~16km SE of Central Bore and ~35km SW of Gruyere. Of which the locations of the more significant intersections are shown in Figure 7b. Intersections of possibly 0.2g/t to 0.5g/t were hoped to be achieved, so **>1g/t is very significant**.

Figure 8. Wanderrie Possibly on top of an intrusive plug, and its Geology with a differentiated dolerite sill



Wanderrie is thought to lie over an intrusive plug, with the higher value intersections being within a differentiated dolerite over a granite dome, which has parallels with a number of sizable orebodies elsewhere in Australia's Yilgarn Block. Differentiated dolerites are a recognised target for significant mineralisation in the Kalgoorlie region, and include the Golden Mile deposit in Kalgoorlie, and the Junction and Victory-Defiance deposits at St Ives. RC was being undertaken over the higher grade intersections at Wanderrie, with results expected back (after ~ 3 weeks of assaying) in April 2015. The Wanderrie exploration programme extends into 2H2015, after which it is followed by Corkwood.

Figure 9. Geological Plans of Corkwood with drilling to date, and Views of Corkwood and Pacific Dunes

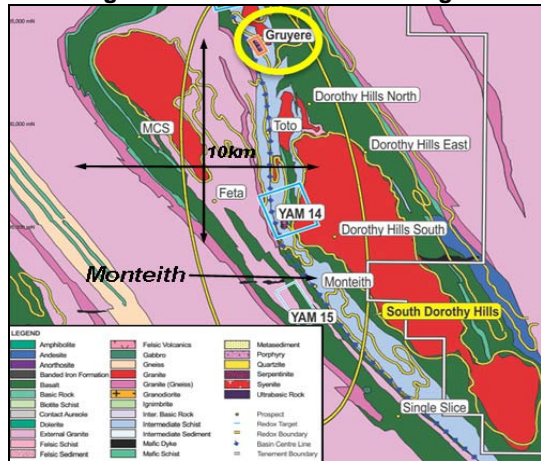


Gold Road intends to follow-up **Corkwood** in the second half of 2015. Corkwood covers the ~13km x 5km gold camp of Corkwood and Pacific Dunes as shown in Figures 7a and 9a. RAB/interface and initial aircore have already been completed, and identified many 10 to 100ppb intersections and a number of >100ppb ones (as shown by the white-coloured "X"s over the purple-coloured [>100ppb] dots) on the geology plan) in Figure 9a. A **number of targets** have been identified at Corkwood including a potential thrust complex, porphyry target, some breaks in a BIF (banded iron formation - potentially like Mt Magnet), and a possible nickel target due to the presence of komatiite lavas, although gold exploration remains the main aim. (Note : the views of Corkwood and Pacific Dunes in Figure 9b are from our/ERA April 2014 report).

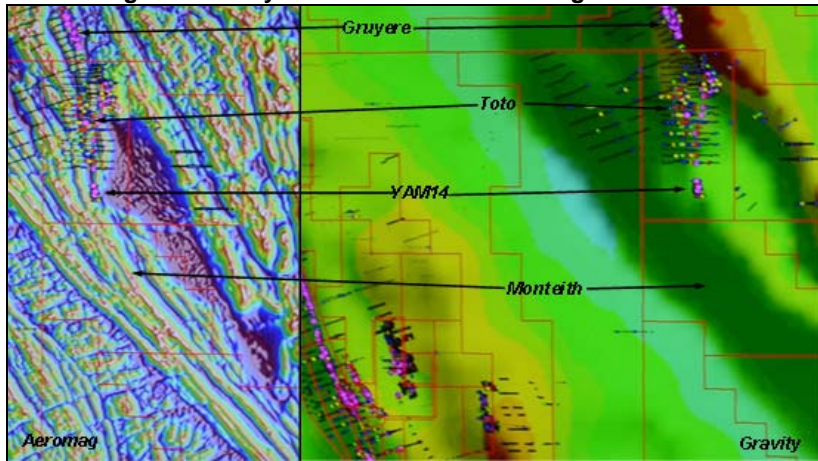
Also in North Yamarna is the **Monteith** target area in the South Dorothy Hills area as shown in Figures 10a and 10b (south of Gruyere), that is scheduled for **aircore** exploration in JQ2015, after the Gruyere EIS long-hole drilling. Monteith lies on a basin centre and has a number of structural attributes such as the change from N/S strike through Toto and YAM14, back to NW/SE strike (which so far appears to contain most of the mineralisation in the Yamarna Greenstone Belt).

Figure 10. Geological Plans of the Monteith Target Area

a. Geological Plan of the Monteith Target Area



b. Aeromag and Gravity Plans of the Monteith Target Area

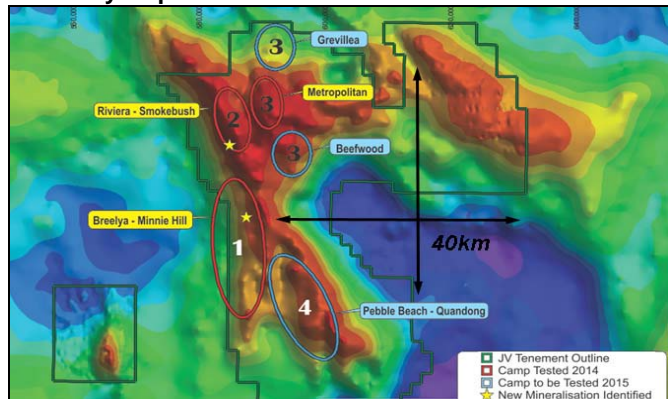


South Yamarna

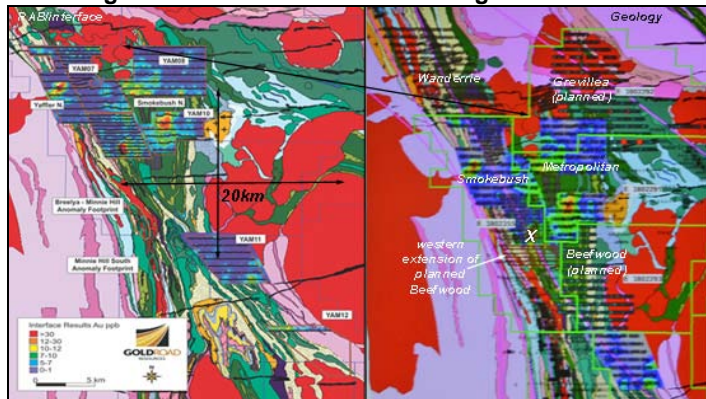
South Yamarna covers the JV with Sumitomo Metals Mining, in which Sumitomo has been earning a 30% interest in the JV through spending \$5m (which is expected to be achieved in JQ2015), after which another \$3m is expected to be spent to take Sumitomo's interest up to 50%. Two significant mineralised areas were identified in 2014 as shown (by the yellow stars) in Figure 11a, and in 2015, follow-up RC was in progress in MQ2015 at Smokebush, to be followed by RAB/interface and aircore at Beefwood.

Figure 11. Gravity Map of Sumitomo South Yamarna JV, and Geological Plan of the Smokebush Target

a. Gravity Map of the Sumitomo South Yamarna JV



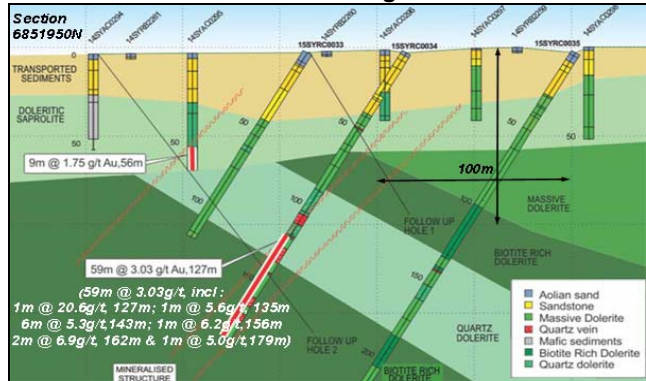
b. Geological Plan of the Smokebush Target



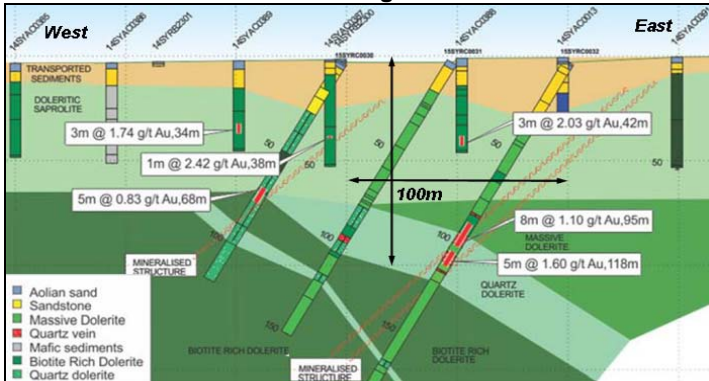
Smokebush is the SE extension of Wanderrrie as shown in Figure 11b. Some follow-up RC was in progress in MQ2015 based on the encouraging RAB/interface and follow-up aircore results shown inset in Figure 13a, including intersections of **9m @ 1.75g/t from 56m & 12m @ 0.96g/t from 28m**. On 24 March 2015, Gold Road released the results from that RC follow-up with a **spectacular intersection of 59m @ 3.03g/t from 127m** [under the 9m @ 1.75g/t] at about the white "X" shown in Figure 11b (incl 6 separate intersections ranging from 5.0g/t to 20.6g/t), along with two cross sections as shown in Figures 12a & 12b.

Figure 12. Cross Sections through Smokebush (~400m apart, being 6851950N and 6851550N).

a. Cross Section 6851950N through Smokebush



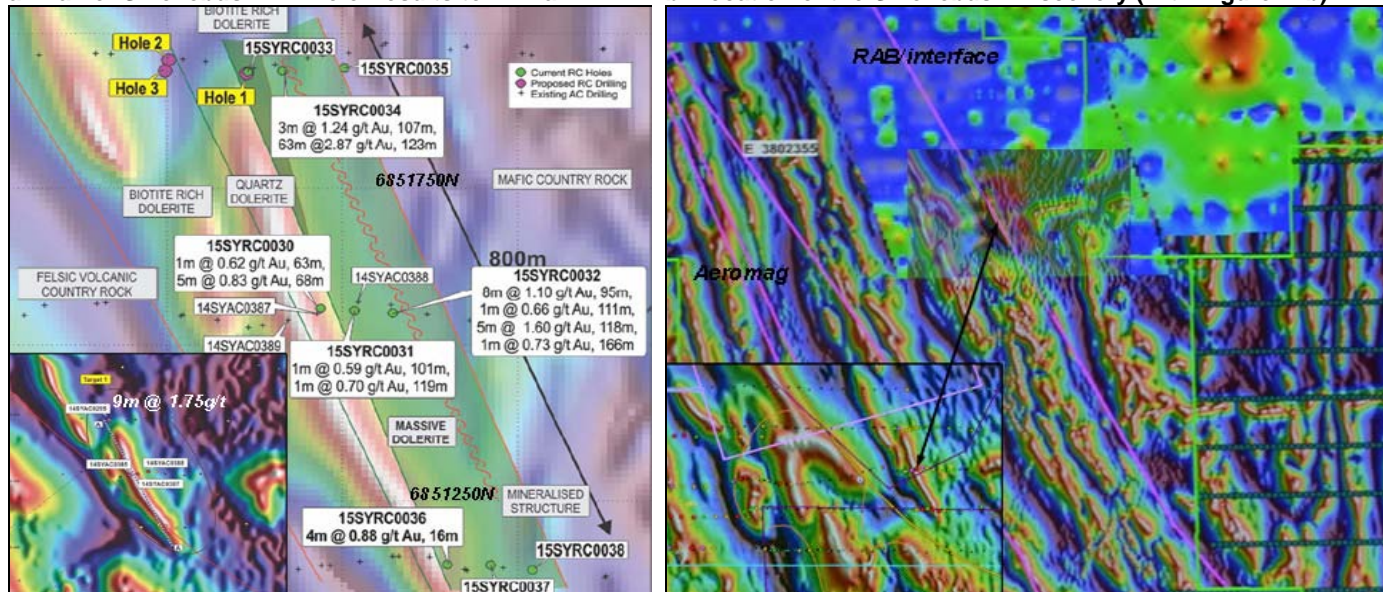
b. Cross Section 6851550N through Smokebush



Ahead of the follow-up RC, the gold mineralisation was described as being within a partially weathered zone above an interpreted, possibly iron-rich, dolerite sill. After the follow-up, the wide zone of quartz-rich dolerite intersected has 1-2mm wide blue quartz "eyes", regarded as indicative of the prospective central portion of a differentiated dolerite (now called the Smokebush dolerite) sill. However, pyrite is less common, the dominant sulphide appears to be arsenopyrite in the form of fine grained disseminated grains to coarse 2mm cubes (reminiscent of Avoca, now MLX's Trident mine at Higginsville).

The mineralised interval is contained within a shear zone from 123m to 186m. The intersection of 59m @ 3.03g/t only had 2 assays (typically 1m) of <0.5g/t, and the end of the hole finished in mineralisation of 1.95g/t, (the complete interval from 123m being 63m @ 2.87g/t). The orientation of the perceived mineralised structures are thought to possibly dip west as shown in the cross sections which could reduce the mineralised interval from 59m to ~20m. Gold Road has consequently designed follow-up scissor holes to be drilled in April 2015 to confirm the true dip, strike orientation and width of the mineralisation.

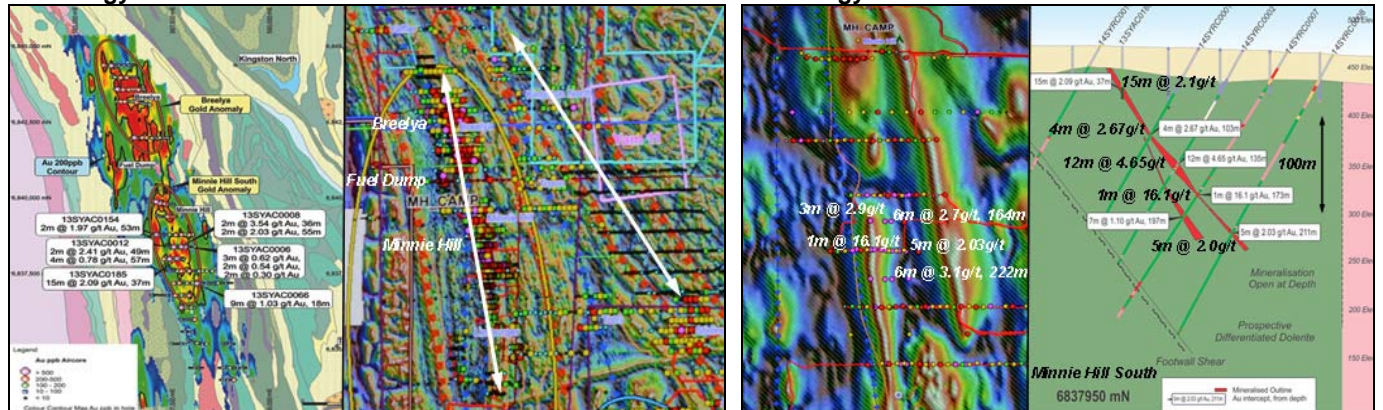
Figure 13. Plan of Smokebush Drillhole Results to 24 Mar, and Location of the Smokebush Discovery
a. Plan of Smokebush Drillhole Results to 24 Mar **b. Location of the Smokebush Discovery (with Figure 11b)**



As previously determined and illustrated in the aeromag of Figures 13a and 13b, the strike length appears to currently still be ~800m, although it does remain open to the NNW, SSE and down dip.

Although GOR are in charge of exploration, Sumitomo has to approve the expenditure, so follow-up RC has been limited, with diamond drilling so far non-existent as Sumitomo want to achieve the highest likely success from any diamond drillholes. The southerly "yellow star" of Figure 10a is Breelya - **Minnie Hill**. Two distinct anomalies were identified as shown in Figure 14a, being Breelya and Minnie Hill (MH), although MH is often called MH South (being south of the fuel dump and MH camp site).

Figure 14. Geology of Minnie Hill, and Geology and Section of Minnie Hill South
a. Geology of Minnie Hill **b. Geology and Section of Minnie Hill South**

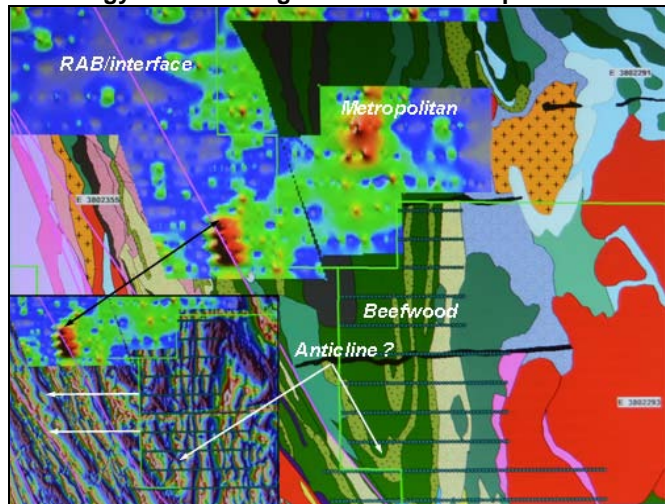


Breelya has a potentially promising location near the intersection of two main structures and a number of >500ppb values, however, the mineralisation at Breelya was identified as being within a complex shear zone. Whereas Minnie Hill South and its encouraging **12m @ 4.65g/t** intersected by RC drilling in 2014 as shown in Figure 14b, appears to lie within a differentiated dolerite sill. The MH section is thought to require identification of the dolerite zonation and veining, which really requires diamond drilling, as it is extremely difficult making interpretations based on RC chips.

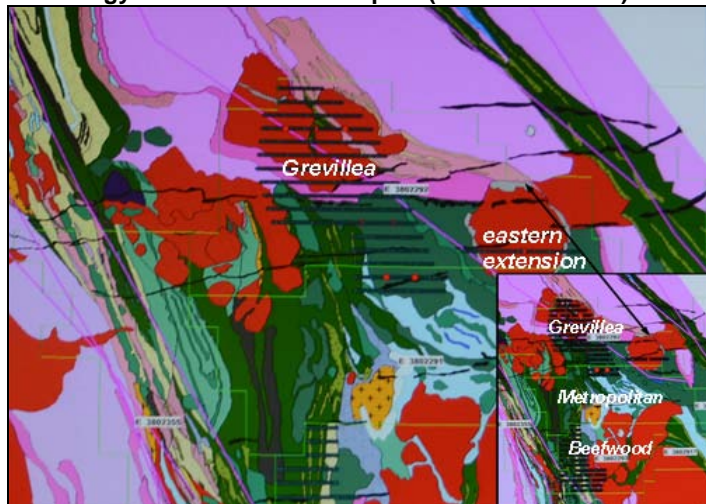
Beefwood is located east of Smokebush, and consists mainly of the 3 N/S prospects of Grevillea, Metropolitan and Beefwood, although there is also a Beefwood East, that lies further east. Beefwood RAB/interface was expected to start in March 2015, after the Smokebush RC had finished. As can be seen in Figure 15a, Beefwood appears to lie over an anticline comprised of a number of doleritic units, which could increase its prospectivity.

Figure 15. Geology and Aeromag of the Beefwood and Grevillea Prospects

a. Geology and Aeromag of Beefwood Prospect



b. Geology of the Grevillea Prospect (Beefwood North)



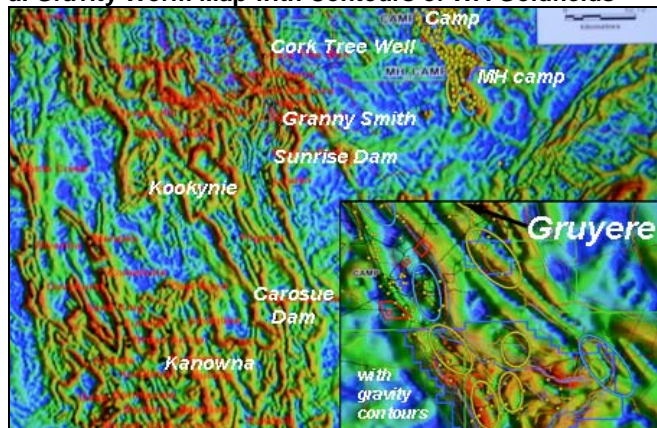
Extensions are expected to be made further west on some of the Beefwood prospect lines to cover the potential anomalous extension of Smokebush further south. While **Grevillea's** greenstones as shown in Figure 15b, may extend further north into granite(s). There is also a planned eastern extension RAB/interface line from Grevillea shown in Figure 15b, covering the perceived Beefwood East intrusion.

Other Exploration Upside

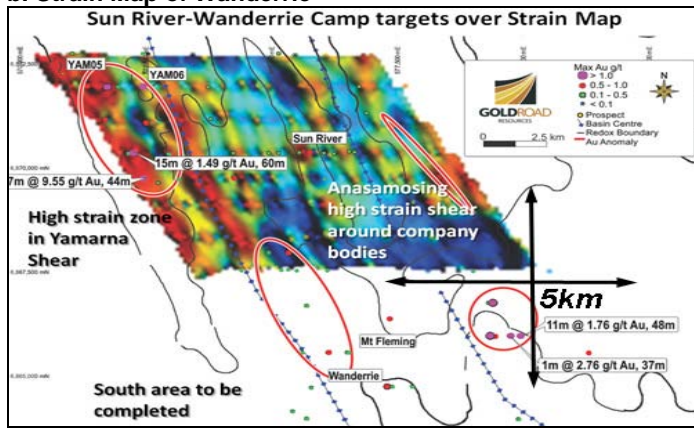
Gold Road's broad exploration strategy for the Yamarna Greenstone Belt was west to east and north to south, according to each n/s trend. Following the WA Govt's recent high resolution gravity programme from Yamarna to Leonora that was conducted in late 2014 and available on public file, Gold Road has been able to add another geological "tool" to its broad understanding of the Yamarna Greenstone Belt, namely gravity worm mapping. In addition, strain map comparisons are being made to the base drillhole RC chips at Wanderrie, as an indication towards structure and mineralisation as shown in Figure 16b.

Figure 16. Gravity Worm Map with Contours of WA Goldfields, and Strain Map of Wanderrie

a. Gravity Worm Map with Contours of WA Goldfields



b. Strain Map of Wanderrie



The gravity worm map shown in Figure 16a enables location comparisons to be made with other gold mines in the WA goldfields, while the gravity contouring shown inset in the Figure, enables the depth of the individual structure affecting the mineralisation to be observed / determined.

Financial Considerations

Gruyere is clearly a significant orebody that may be capable of supporting a 7.5mtpa plant. However, leaving the Central Bore underground until later and starting initially with a 5mtpa plant expanded after ~2yrs by a further 2mtpa plant seems to be more logical, involving less risk, lower capital exposure and hence less debt requirements for Gold Road, and consequently we/ERA have used that scenario. We have also used the current gold price of ~US\$1150/oz and an A\$ exchange rate of US\$75c (~A\$1535/oz), and provided sensitivities in Table 3. **It should be recognised that the production scenario given in Table 2 is an ERA scenario, and is just one of a number of possible scenarios that could occur.**

Table 2. Production and Cashflow Estimate for Gold Road's Possible Gruyere Operation

	Gold Road Resources Ltd		2017F	DH17f	JH18f	2018f	2019f	2020f	2021f	2022f
Our production model has not allowed for any production from underground...	Spot prices	0.355				1	2	3	4	5
	Gold Spot Price	US\$/oz	0	1150	1150	1150	1150	1150	1150	1150
	Exchange Rate	A\$/US\$	0.000	0.750	0.750	0.750	0.750	0.750	0.750	0.750
	Est Gold Price Realised	A\$/oz	0	1533	1533	1533	1533	1533	1533	1533
...or from satellites...	Production									
	Strip Ratio	x	0.0	1.5	1.5	1.5	1.5	1.4	1.3	1.3
	Open-cut Ore Mined	000t	0	500	2500	3000	5500	5500	7000	7500
	Open-cut Milled	000t	0	500	2500	3000	5500	5500	7000	7500
	Head Grade	g/t	0.0	1.2	1.2	1.2	1.2	1.2	1.2	1.2
	Recovered Grade	g/t	0.0	1.1	1.1	1.1	1.1	1.1	1.1	1.1
...even though both are possible	Recovery	%	0.0%	95.0%	95.0%	95.0%	95.0%	95.0%	95.0%	95.0%
	Gold Sold	000oz	0	18	92	110	202	202	257	275
	Total Gold Sold	000oz	0	18	92	110	202	202	257	275
Consequently, Central Bore has not been included in this valuation	TOTAL Revenue	A\$m	0.0	28.1	140.5	168.6	309.1	309.1	393.4	421.5
	Production Costs									
	C1 Cash Costs (excl rtlys)	A\$m	0.0	13.5	67.5	81.0	154.0	155.7	208.6	223.5
	C1 Cash Costs (excl rtlys)	A\$/oz	0	737	737	737	764	772	813	813
	AISC Costs	A\$/oz	0	927	861	872	882	890	917	907
	TOTAL Cash Cost	A\$/oz	0	790	790	790	818	826	867	867
	D & A	A\$m	0.0	5.1	25.7	30.8	56.4	56.4	71.8	77.0
	D & A	A\$/oz	0	280	280	280	280	280	280	280
	TOTAL Costs	A\$/oz	0	1070	1070	1070	1098	1106	1147	1147
There is a minor end of life provision for expected higher mined resources at Gruyere..	Cost of Sales	A\$m	0.0	19.6	98.1	117.7	221.3	222.9	294.2	315.2
	Gross Profit	A\$m	0.0	8.5	42.4	50.9	87.8	86.2	99.2	106.3
	Explorn W/off	A\$m	0.0	1.0	1.0	2.0	2.0	2.0	2.0	2.0
	Corp & other cost	A\$m	0.0	2.5	2.5	5.0	5.0	5.0	5.0	5.0
	Interest Paid	A\$m	0.0	5.4	8.2	13.6	16.4	15.6	14.8	11.2
	Operating Profit	A\$m	0.0	-0.4	30.7	30.3	64.4	63.6	77.4	88.1
...although some ore resources could come from the Attila trend after 10 years' too	NPBT	A\$m	0.0	-0.4	30.7	30.3	64.4	63.6	77.4	88.1
	Tax Provision	A\$m	0.0	0.0	0.0	0.0	15.0	19.1	23.2	26.4
	Tax %	%	0.0%	30.0%	30.0%	30.0%	30.0%	30.0%	30.0%	30.0%
	NPAT	A\$m	0.0	-0.4	30.7	30.3	49.4	44.5	54.2	61.7
	EPS	c	0.0	-0.1	5.1	5.0	8.1	7.3	8.9	10.1
	Simple Cashflow	A\$m	0.0	4.7	56.4	61.1	39.9	101.0	126.0	138.6
	CFPS	c	0.0	0.8	9.3	10.0	6.6	16.6	20.7	22.8
	DPS	c	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Our financing has not provided anything from equity raisings...	No Shares	M	604.4	605.1	608.1	608.1	608.1	608.1	608.1	608.1
	Cashflow									
	Sales Revenue	A\$m	0.0	28.1	140.5	168.6	309.1	309.1	393.4	421.5
	+ Equity Raised	A\$m	0.2	0.4	0.0	0.4	0.0	0.0	0.0	0.0
	+ Borrowings	A\$m	250.0	140.0	0.0	140.0	0.0	0.0	0.0	0.0
	+ Interest Received	A\$m	0.0	0.0	0.0	0.0	2.0	2.0	2.0	2.0
...which are likely if a 70/30 debt/equity ratio is applied...	Total Receipts	A\$m	250.2	168.5	140.5	309.0	311.1	311.1	395.4	423.5
	- Total Costs (Opg & Rtlys)	A\$m	0.0	-14.5	-72.4	-86.9	-164.8	-166.5	-222.4	-238.3
	- Other costs	A\$m	0.0	-0.5	-0.5	-1.0	-1.0	-1.0	-1.0	-1.0
	- Corporate Costs	A\$m	-4.0	-2.5	-2.5	-5.0	-5.0	-5.0	-5.0	-5.0
	Sub-total	A\$m	-4.0	-17.5	-75.4	-92.9	-170.8	-172.5	-228.4	-244.3
	- Other	A\$m	-0.4	-0.2	-0.2	-0.4	-0.4	-0.4	-0.4	-0.4
	- Interest Paid	A\$m	-0.8	-5.4	-8.2	-13.6	-16.4	-15.6	-14.8	-11.2
	- Tax Paid	A\$m	0.0	0.0	0.0	0.0	-15.0	-19.1	-23.2	-26.4
	- Divs Paid	A\$m	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
	- Explorn	A\$m	-10.0	-6.0	-7.5	-13.5	-15.0	-15.0	-15.0	-11.0
	- Capex	A\$m	-236.0	-129.0	-5.0	-134.0	-5.0	-140.0	-10.0	0.0
	- Sustaining/Other Capex	A\$m	0.0	-12.5	-13.5	-26.0	-3.0	-3.0	-3.0	-3.0
	- Loans Repaid	A\$m	0.0	0.0	0.0	0.0	-20.0	-20.0	-90.0	-110.0
	= Expenditures	A\$m	-251.2	-170.6	-109.8	-280.4	-245.7	-385.5	-384.8	-406.3
...the model shown has used self-financing	Total Expenditures	A\$m	-251.2	-170.6	-109.8	-280.4	-245.7	-385.5	-384.8	-406.3
	Net Cash Flow	A\$m	-1.0	-2.1	30.7	28.6	65.4	-74.4	10.6	17.2
	Effective Cashflow	A\$m	-1.0	-2.1	30.7	28.6	65.4	-74.4	10.6	17.2
The main capex includes the pre-strip...	Net cash for NPV	A\$m				0.0	0.0	19.6	10.6	17.2
...while a saprolite provision has been included in the initial sustaining capex										
	NPV	Yrs	10	A\$m	A\$m	No Shares				
				423	0.70	608				

Table 3. Sensitivity Analysis of Gruyere (NPV @ 5% constant money)

Sensitivity Analysis		Year	NPV	2018e	2019e	2020e	2018e	2019e	2020e
The sensitivities give GOR a range of ~50c to A\$1.00	Gold Price (at A\$/US\$0.75)		A\$	A/tax Profit (A\$m)			Earnings per Share (Ac)		
	US\$1150/oz (~A\$1535/oz)	1150	0.70	30.3	49.4	44.5	5.0	8.1	7.3
	US\$1200/oz (~A\$1600/oz)	1200	0.84	37.4	56.7	53.6	6.1	9.3	8.8
	US\$1250/oz (~A\$1665/oz)	1250	0.99	44.5	64.0	62.7	7.3	10.5	10.3
	US\$1100/oz (~A\$1465/oz)	1100	0.55	23.2	42.1	35.4	3.8	6.9	5.8
...with the highest sensitivity being the exchange rate..	Gold Grade (g/t)		A\$	A/tax Profit (A\$m)			Earnings per Share (Ac)		
	Grades unchanged	1.20	0.70	30.3	49.4	44.5	5.0	8.1	7.3
	Grades + 0.05	1.25	0.85	35.8	55.1	51.6	5.9	9.1	8.5
	Grades + 0.10	1.30	1.00	41.3	60.7	58.6	6.8	10.0	9.6
	Grades - 0.05	1.15	0.54	24.8	43.7	37.5	4.1	7.2	6.2
...and even minor changes in overall grades having an impact	Exchange Rate (A\$/US\$)		A\$	A/tax Profit (A\$m)			Earnings per Share (Ac)		
	Unchanged	0.75	0.70	30.3	49.4	44.5	5.0	8.1	7.3
	5c higher	0.80	0.48	20.1	38.9	31.5	3.3	6.4	5.2
	5c lower	0.70	0.94	41.9	61.4	59.4	6.9	10.1	9.8
	Operating Costs		A\$	A/tax Profit (A\$m)			Earnings per Share (Ac)		
	Costs unchanged	0%	0.70	30.3	49.4	44.5	5.0	8.1	7.3
	Costs - 10%	-10%	0.88	38.4	58.1	55.4	6.3	9.6	9.1
	Costs + 10%	+10%	0.51	22.2	40.6	33.6	3.7	6.7	5.5
	Sensitivity Analysis	Year	NPV	2018e	2019e	2020e	2018e	2019e	2020e

Upside Potential

Gold Road appears to essentially be priced based only on Gruyere, which occupies a miniscule fraction of the Yamarna greenstone belt. Other gold discoveries appear likely to occur amongst the numerous gold camps identified along the belt, any of which could significantly increase Gold Road's share price.

Management

Board of Directors

Ian Murray – Executive Chairman since 2007. Ian is a Chartered Accountant with over 25 years' experience of which more than 16 years has been in the resources sector, initially holding senior positions such as CFO and CEO of DRDGold Ltd between 1997 and 2004 in South Africa.

Justin Osborne – Executive Director since 2015. Justin joined GOR in 2013 and is a geologist with over 25 years' field and management experience in Australia and internationally in a number of commodities. Justin has held a number of senior positions, lastly as VP Development Strategy at Gold Fields Ltd, and was instrumental in extending a number of resources there.

Russell Davis – Non-Executive Director since 2007. Russell is a geologist with over 25 years' experience in mining and exploration in a range of commodities for a number of international and Australian companies having held a number of senior geology positions. Russell acquired GOR's projects.

Martin Pyle – Non-Executive Director since 2010. Martin is a geologist with over 25 years' experience in the Australian resources industry. Martin has extensive corporate advisory experience and has provided corporate advisory services to a number of junior companies. Martin also holds other Director positions.

Tim Netscher – Non-Executive Director since 2014. Tim is a chemical engineer with over 40 years' experience in the international resources industry having been in Executive director and President/VP/MD positions since 1991 for Implats, QNI/BHP Billiton, PT Inco, Vale Coal Australia, Newmont, and Gindalbie Metals giving him extensive operational, project development and business development experience. Tim also holds other ASX listed Non-Executive Chairman and Director positions.

Kevin Hart - Company Secretary since 2006. Kevin is a Chartered Accountant with more than 20 years' experience in the management and administration of ASX listed resource companies. Kevin is a partner in a consultancy company that provides secretarial services to a number of ASX listed entities.

Senior Management

Gordon Murray – Business Development Manager since 2011. Gordon is a mining engineer with over 20 years' experience having held a number of senior mine management positions, mostly in Australia.

Sharon Goddard – General Manager since 2011. Sharon has over 20 years' experience in mining, agribusiness and legal. Sharon integrates and manages all GOR's services, systems, marketing and native title.

Sim Lau – Development Manager since 2015. Sim has over 35 years' experience in Project Manager roles including a range of resource companies, of which the last was with Turquoise Hill's Oyu Tolgoi in Mongolia.

Ziggy Lubieniecki – Consultant and Advisor since 2014. Ziggy is a geologist with over 25 years' experience in mining and exploration, having worked in number commodities, mostly for different ASX listed gold companies in Australia. Ziggy discovered both Central Bore and Gruyere at Yamarna, and was Exec Director from 2010 - 2014.

Chart of Gold Road Resources (March 2014 to March 2015) (Source : www.yahoo.com)

GOR's share price appears to be marking time...

...ahead of a potential new discovery



Disclosure

Gold Road Resources Limited commissioned Keith Goode (who is a Financial Services Representative with Taylor Collison Ltd ACN 008 172 450, and is a consultant with Eagle Research Advisory Pty Ltd ACN 098 051 677) to compile this report, for which Eagle Research Advisory Pty Ltd has received a consultancy fee. At the date of this report Keith Goode and his associates held interests in shares issued by Gold Road Resources Limited. At the date of this report, Taylor Collison Limited or their associates within the meaning of the Corporations Act, may hold interests in shares issued by Gold Road Resources Limited.

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