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Letter from the Chairman

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Dear Fellow Shareholder

This letter sets out what your Board is doing to address the combined impact of a falling gold price and the continuing decline in the junior resources equity market. As significant shareholders in Gold Road Resources your Board shares the disappointment of the declining share price over the past year. Your Board is determined to optimise the Company's strategy in order to minimise the risk related to the volatility in the gold price and to position the Company for re-rating once equity markets for Resources stabilise and improve.

Advanced Projects:

In early September 2012 we announced a 16% upgrade to the Attila JORC resource to over 1 million ounces (1,060,000 ounces at 1.29g/t – at a 0.5g/t cut off). The Measured and Indicated Resource now accounts for 72% of the total resource.

Also in September 2012, we confirmed the potential economic viability of mining on the Yamarna Greenstone Belt through the publication of the initial Scoping Study that looked at mining the Attila open pits and Central Bore underground mine, and processing 400,000 tonnes of ore per year through a central process plant. We continued to define the Company's strategy of becoming a self-funded explorer through the future production of our advanced projects, **Central Bore and Attila.**

Despite the positive economic returns shown in this initial Scoping Study, a review of the outcomes highlighted the different operational costs of the underground mine at Central Bore versus the open pit mines at Attila, and the increased project and funding risk by including the relatively lower grade/higher cost open pit mining operation. We investigated the option of a smaller sized 100,000 tonnes of ore per year processing plant fed only from the high grade Central Bore underground mine, and released an updated Scoping Study in January of this year. This development alternative provides the Company with the opportunity to expedite production with a much lower financing requirement and a lower cash and total cost per ounce, all of which are critical in the current tight capital market environment, and provide a solid platform for the Pre-feasibility Study.

In February this year, the Company successfully raised A\$7 million through an oversubscribed Share Purchase Plan with the proceeds of the capital raised to be used to fund Feasibility Studies, ongoing regional exploration and provide working capital. The capital raising was structured to minimise fees and to ensure that existing shareholders had the opportunity to participate. Your directors, who took up their full entitlement, were grateful for the support that materialised in the form of a strong take up by our shareholders.

An upgrade to the Central Bore Project JORC resource was announced in April this year, following the completion of the infill and extensional diamond drilling program. The Central Bore JORC resource increased by 32% to 201,100 ounces of gold at 7.7g/t (at a cut-off of 1.0g/t), and includes 112,200 ounces of gold at 22.7g/t within the Imperial Shoot. The Imperial Shoot remains open at depth.

Regional Targeting:

Gold Road is proud of its land tenure position controlling a significant portion of the highly prospective Yamarna gold belt. However, cost effectively exploring such a large belt is an ongoing challenge. The Company continues to integrate latest advances in the understanding of gold-ore deposit formation and leading edge exploration tools to optimise its exploration strategy.

The Company undertook extensive work, starting in 2012, across its Yamarna tenements that resulted in a predictive geological model which highlighted the areas within the tenements with the greatest potential of hosting large gold deposits. In 2012, we commenced this comprehensive exercise utilising the first two regional targeting tools using conceptual models that interpreted various geological and geophysical data sets, including gravity, magnetic and geological images. The result was the identification of numerous "Gold Camp Scale Targets" across the tenements; each target has a 15-20 kilometre strike length, each is approximately 80 to 100 km² in area, and contains numerous prospects.

In June this year we completed the third regional targeting exercise, using Reduction Oxidation Analysis (Redox), which identified 15 regional targets, the majority of which were associated with the Gold Camp Scale Targets identified in 2012. Two regional targets, **Pacific Dunes/Corkwood** in the north and **Breelya/Minnie Hill** in the south have been selected and will be the focus of the exploration work programs which commenced in June 2013.

Through these targeting tools we now have 9 Gold Camp Scale Targets (with 5 priorities) and 15 Redox targets. Our geological team believe that their knowledge of the Yamarna Greenstone Belt and gold targeting ability has substantially increased by utilising these tools.

Gold Road has also attracted a global mining company, Sumitomo Metal Mining Oceania Pty Ltd (**SMMO**), a subsidiary of Japanese listed Sumitomo Metal Mining Co. Ltd, to enter into a binding exploration Joint Venture Agreement over Gold Road's southern tenements covering 2,720 km² of Gold Road's ~5,000 km² Yamarna land holdings. The binding Agreement was concluded and signed in May of this year. Under the terms of the Agreement SMMO may earn up to a 50% interest by funding A\$8 million of exploration activities over the period to the end of 2016.

Through this Joint Venture, the Company has made a conscious decision to bring forward the testing of some of the exploration targets on the southern portion of the Yamarna Greenstone Belt by several years in order to give them the near term attention your directors consider they deserve. We now have a Joint Venture partner of the highest calibre, with decades of experience in very high-grade underground gold operations. Work on the Joint Venture has commenced, and both companies are keen to commence the drilling campaign with a view to making new gold discoveries that will add value to our Company and for our shareholders.

Current Market:

In mid-April of this year the gold price fell from US\$1580 (A\$1512/oz) to US\$1380/oz (A\$1340/oz), a drop of US\$200/oz over a matter of days. The Scoping Studies, which we published in September 2012 and January 2013, had been modelled on a gold price of A\$1600/oz. Since the gold price drop in April, the Australian gold price is trading around A\$1350 – A\$1400/oz.

When we initially obtained costs (both operating and capital) for the Scoping Studies we were in a labour and contractor market where demand exceeded supply, hence contractors were very busy and difficult to obtain quotes. From late 2012, and increasingly in 2013, we have seen numerous capital projects (large and small, and across all commodities) in Western Australia being cancelled or deferred, and a number of mining companies and operations scaled back or shut down. We believe the mining labour and contractor market is quickly moving to a position of excess supply. We are starting to see evidence that capital and operating costs in Western Australia are declining, and believe that in the coming months we will see reductions in costs compared to what we used in the Scoping Studies. Small changes in the mining costs have a significant impact on the Project's NPV.

We had previously stated that the Pre-feasibility Study would be completed by end June 2013. Given the market flux since April 2013, and what we believe is the start of mining cost reductions, the Gold Road Board believes it is prudent to defer completion of the Pre-feasibility Study until we see mining costs settle, hopefully at levels which can materially improve the economics of the Central Bore development.

From a technical perspective the Pre-feasibility Study is progressing well with the following at or near completion:

- detailed metallurgical testwork report and process plant flowsheet;
- geotechnical studies of Central Bore underground;
- hydrological and borefield operating strategy reports;
- environmental field studies; and
- mine design and schedule and Infrastructure report.

To date none of the reports indicate impediments to achieving commercial production. Consequently, preparation of approvals documentation is currently underway.

Conclusion:

We recognise that the Company's share price has suffered along with a broader mining investment market downturn. Despite this, Gold Road has continued to make significant headway over the past 12 months, in line with our clearly outlined strategy. The Board and Management of Gold Road, all with substantial equity interests in the Company, remains firmly focused on enhancing shareholder value through monetising our advanced projects and continuing to discover more gold on the Yamarna Greenstone Belt.

Recently we announced a consolidation of Gold Road's Board with David Woodall and Kevin Hart both agreeing to step down as Non-executive Directors. The reduction in the size of the Board is part of our continued commitment to reduce costs which was actioned in January 2013 when the Board and Senior Management volunteered a 20% reduction in fees and remuneration. Gold Road's cash position remains strong, Pre-feasibility Study costs reduced, exploration expenditure shared with SMMO, overhead costs reduced and the management system efficient.

We thank you for your ongoing patience and support in a difficult market.

A handwritten signature in black ink, appearing to read "Ian Murray". The signature is fluid and cursive, with a large loop at the end.

Ian Murray
Executive Chairman