

BUY

Current Price \$0.49
Target Price \$0.84

Ticker:	GOR	
Sector:	Materials	
Shares on Issue (m):	700.0	
Market Cap (\$m):	343.0	
Cash Estimate (\$m):	37.0	
Enterprise Value (\$m):	306.0	
52 wk High/Low:	\$0.54	\$0.29
12m Av Daily Vol (m):	1.51	

Mineral Inventory

	Mt	g/t	Moz
Reserves	81.1	1.2	3.2
Resources	153.6	1.3	6.6
			\$/oz
EV / Reserve			97
EV / Resource			46

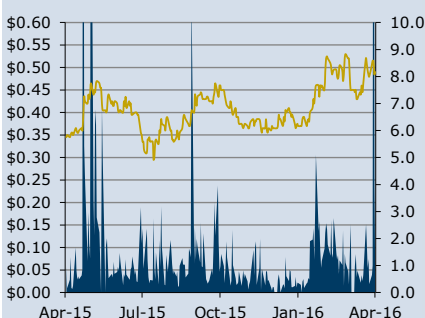
Directors:

Ian Murray	Executive Chairman
Justin Osborne	Executive Director
Sharon Warburton	Non-Executive Director
Timothy Netscher	Non-Executive Director
Martin Pyle	Non-Executive Director

Substantial Shareholders:

Platypus	8.0%
Van Eck	6.0%
RCF	9.0%

Share Price Graph



Friday, 22 April 2016

Gold Road

Above and beyond

Analysts | Patrick Chang, CFA | Matthew Keane

Quick Read

Gold Road (GOR) completed a Resource update at its 100% owned Gruyere Project in WA, increasing the Resource to 6.2Moz @ 1.30g/t (was 5.6Moz @ 1.36g/t), following an in-fill drilling program and revised economic parameters (see below). The update saw 13.9Mt reporting into the Measured category (was 1.6Mt), enhancing the confidence on the first 2 years of production. Converting a significant percentage of ore into the Measured Category is not considered standard practice and above and beyond the requirements for ore reserves and a Definitive Feasibility Study. BUY maintained. The stock remains a key pick in the gold developer space.

Event & Impact | Positive

Resource update: The updated Resource followed an in-fill program at Gruyere and updated economic parameters, including a lower cut-off grade of 0.5g/t (was 0.7g/t) and a higher gold price assumption of A\$1,700/oz (was A\$1,600/oz). The Resource is little changed if the economic parameters are unmodified (see Table 1 below). As such, the Reserve is unlikely to change materially. The weathered domain, constituting 0.5% of the Resource, recorded a grade decrease (41% at 0.5g/t-cut off). We have conservatively factored in a 4% drop in grade in the first year.

Table 1: Comparison using the same economic parameter (A\$1,600/oz, 0.7g/t cut-off)

	Sep 2015 Resource	Apr 2016 Resource	Change
0.7g/t cut-off			
Tonnage	128.38	131.59	3%
Grade	1.36	1.34	-1%
Ounces	5.62	5.68	1%

Source: GOR, Argonaut

Further upside at Gruyere: A recently completed PFS and 3.2Moz maiden Reserve re-affirmed Gruyere's status as one of the best undeveloped gold projects in Australia. Further upside includes potential increase in pit wall angles, incorporating regional satellite deposits (Central Bore, Attila), as well as further exploration success.

Regional exploration momentum: GOR's exploration program will see numerous camp scale targets tested in CY16. Prospective geology, a systematic approach, generous budget and GOR's track record of discovery could translate to the discovery additional multi-million ounce deposits within the under-explored Yamarna Belt.

Recommendation

BUY maintained with an A\$0.84 target price (was A\$0.85). The revision is the result of conservatively reducing the head grade modelled in the first year to 1.21g/t (was 1.26g/t).

RESEARCH:

Ian Christie | Director, Industrial Research
+61 8 9224 6872 ichristie@argonaut.com

Patrick Chang | Analyst, Metals & Mining Research
+61 8 9224 6835 pchang@argonaut.com

Matthew Keane | Analyst, Metals & Mining Research
+61 8 9224 6869 mkeane@argonaut.com

Helen Lau | Analyst, Metals & Mining Research
+852 3557 4804 hlaui@argonaut.com

INSTITUTIONAL SALES - PERTH:

Chris Wippl | Executive Director, Head of Sales & Research
+61 8 9224 6875 cwippl@argonaut.com

John Santul | Consultant, Sales & Research
+61 8 9224 6859 jsantul@argonaut.com

Damian Rooney | Senior Institutional Dealer
+61 8 9224 6862 drooney@argonaut.com

Ben Willoughby | Institutional Dealer
+61 8 9224 6876 bwiloughby@argonaut.com

INSTITUTIONAL SALES - HONG KONG:

Travis Smithson | Managing Director - Asia
+852 9832 0852 tsmithson@argonaut.com

CORPORATE AND PRIVATE CLIENT SALES:

Glen Colgan | Executive Director, Desk Manager
+61 8 9224 6874 gcolgan@argonaut.com

Kevin Johnson | Executive Director, Corporate Stockbroking
+61 8 9224 6880 kjohnson@argonaut.com

James McGlew | Executive Director, Corporate Stockbroking
+61 8 9224 6866 jmcglew@argonaut.com

Ian Dorrington | Director, Corporate Stockbroking
+61 8 9224 6865 Idorrington@argonaut.com

Geoff Barnesby-Johnson | Senior Dealer, Corporate Stockbroking
+61 8 9224 6854 bj@argonaut.com

Rob Healy | Dealer, Private Clients
+61 8 9224 6873, rhealy@argonaut.com

Tony Locantro | Dealer, Private Clients
+61 8 9224 6851, tlocantro@argonaut.com

Cameron Prunster | Dealer, Private Clients
+61 8 9224 6853 cprunster@argonaut.com

James Massey | Dealer, Private Clients
+61 8 9224 6849 jmassey@argonaut.com

Chris Hill | Dealer, Private Clients
+61 8 9224 6830, chill@argonaut.com

Important Disclosure

Argonaut acted as Joint Lead Manager to the Placement to raise up to \$40M in June 2015 and received fees commensurate with this service.

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