BELL POTTER

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Speculative
See key risks on page 2

Analyst
Peter Arden 613 9235 1833

Authorisation
Stuart Howe 613 9235 1782

Gold Road Resources (GOR)

Scoping Study enhances Gruyere value

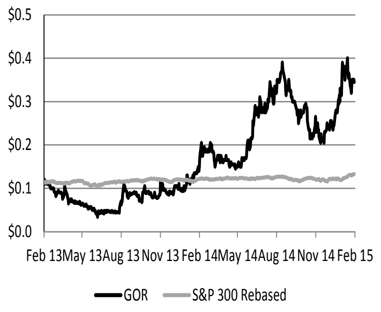
Recommendation
Buy (unchanged)
Price
$0.355
Valuation
$0.49 (previously $0.47)
Risk
Speculative

Expected Return	
Capital growth	38%
Dividend yield	0%
Total expected return	38%
Company Data & Ratios	
Enterprise value	$190m
Market cap	$211m
Issued capital	594.9m
Free float	80%
Avg. daily val. (52wk)	$0.5m
12 month price range	$0.14 - $0.40
GICS sector	Materials

Price Performance

	(1m)	(3m)	(12m)
Price (A$)	0.30	0.22	0.14
Absolute (%)	15.0	56.8	155.6
Rel market (%)	4.1	48.2	144.5

Absolute Price



SOURCE: IRESS

Conservative Scoping Study confirms Gruyere viability

GOR's recently released Scoping Study on its Gruyere Project in the Eastern Goldfields of Western Australia has shown it is an economically viable deposit. With a gold resource of at least 3.8Mozs averaging 1.3g/t (using open pit shells with a stripping ratio of 1.6:1), GOR's Scoping Study highlights the project's large scale robustness from simple open pit mining and CIL processing. There is potential upside to Gruyere's development outcomes from much higher ore processing rates and lower power costs from accessing the gas pipeline being extended to a nearby mine.

C1 cash costs of $838 and all in sustaining costs of $916/oz for Gruyere point to GOR's ability to become a large (190+kozspa) and profitable gold producer by FY18.

Exploration momentum continues to build

Positive exploration results continue to flow from the company's active programs at GOR's Yamarna Gold Project, particularly in the northern (100% owned) areas. Excellent recent North Yamarna results have included: 781m averaging 1.29g/t from a deep diamond hole at Gruyere; multiple gold intersections from aircore drilling at the Sun River – Wanderrie target (including 7m averaging 9.55g/t from 44m downhole) which have defined four gold targets for follow-up drilling; and six large gold anomalies covering a total strike length of 25km found in aircore drilling at the Pacific Dunes – Corkwood target area. At the South Yamarna Joint Venture area (Sumitomo earning up to 50%), two new gold targets have been identified at the Riviera – Smokebush target area.

Investment thesis – Spec. Buy, Valuation $0.49/sh (prev. $0.47)

GOR is well funded (cash of $21.3m at 31 December 2014, no debt) to continue its successful exploration and evaluation programs at Yamarna. It is now focused on the resource upgrade and staged Pre-Feasibility Study for Gruyere; and follow-up drilling at four advanced exploration targets. With an already large (5.1Mozs) gold resource and potential exploration upside, GOR's value is highly leveraged to the gold price.

Earnings Forecasts

Year end June	2014a	2015e	2016e	2017e
Sales (A$m)	2.9	0.7	1.0	1.2
EBITDA (A$m)	(4.4)	(22.3)	(13.9)	(8.9)
NPAT (reported) (A$m)	(1.5)	(15.8)	(9.9)	(23.2)
NPAT (adjusted) (A$m)	(1.5)	(15.8)	(9.9)	(23.2)
EPS (adjusted) (¢ps)	(0.3)	(2.8)	(1.6)	(3.5)
EPS growth (%)	na	na	na	na
PER (x)	na	na	na	na
FCF Yield (%)	na	na	na	na
EV/EBITDA (x)	(42.8)	(8.4)	(13.5)	(21.1)
Dividend (¢ps)	-	-	-	-
Yield (%)	-	-	-	-
Franking (%)	-	-	-	-
ROE (%)	na	na	na	na

SOURCE: BELL POTTER SECURITIES ESTIMATES

Risks of investment

The key risks for resources investments include, but are not limited to:

- **Gold price volatility:** The relatively liquid nature of gold makes it subject to wide fluctuations in price, particularly during more difficult economic times or major world events. Associated with gold price volatility are different gold price and foreign exchange rate outcomes to our forecasts;
- **Lack of exploration success:** The difficulty of exploring in the Yamarna district is related to the fact that the region has variable sand cover that overlies a variable but generally thin Permian sandstone sequence, which sits on the Archaean bedrock that hosts the gold mineralisation. This means that there is little or no outcrop and further complexity comes from the nature of the Archaean bedrock, which has suffered variable alteration and weathering and may contain greater than expected geological complexities that may be difficult to resolve without extensive drilling programs and may inhibit the definition of adequate resources and reserves;
- **Lack of funding:** Exploration companies generally do not have a source of revenue and so they require access to funding to enable them to carry out adequate exploration and related development activities in order to continue to develop their operations;
- **Metallurgical issues:** Notwithstanding that preliminary metallurgical test work has consistently given very positive outcomes with encouragingly very high gold recovery results from gravity and conventional CIL processing testwork, subsequent identification of adverse metallurgical characteristics may result from more detailed metallurgical investigations that leads to the need for more complicated and expensive processing requirements;
- **Regulatory and government approvals:** While there are currently no indications that there may be any difficulties with progressing through the necessary regulatory and government approvals processes to enable a suitable mining operation to be established, prolonged delays can result from adverse environmental or other regulatory issues and from the need to progress Native Title negotiations in a very careful and sensitive manner that can sometimes result in delays relating to changes in personnel or interpretations;
- **Weather impacts:** Cost overruns or operational delays can be caused by severe weather events because site access may be restricted due to the unsealed nature of roads and airstrips in the remote regions in which the company operates; and
- **Inappropriate acquisitions:** The acquisition of other assets can divert management effort from the current focus and may yield inadequate returns.

Gruyere Scoping Study points to upside

Gruyere already set to be large scale, likely to get much bigger

GOR's Scoping Study on its Gruyere gold deposit in the Yamarna district of Western Australia shows that the deposit is shaping up as an economically attractive development as a large scale open pit mine with standard carbon-in-leach (CIL) processing. As a result of the positive Gruyere Scoping Study, GOR has rapidly moved into a Pre-Feasibility Study (PFS). Stage 1 of the Gruyere PFS will focus on the optimum plant size and throughput rate. GOR has established that the Gruyere deposit is capable of being an even larger project than was the principal focus of the Scoping Study.

The Scoping Study principally considered a base case project treating 5 million tonnes per annum (Mtpa) of gold ore from a large open pit mining operation. However, the Scoping Study also partially considered larger plants and higher processing rates of 7.5Mtpa and 10Mtpa from similar pit configurations to the base case studied.

The Scoping Study also incorporated mining and treatment of 150ktpa of high grade underground ore from GOR's nearby Central Bore deposit for the first three years of Gruyere's operation. The Scoping Study did not consider any of the higher grade, shallow Attila Trend deposits or heap leaching in detail. However, some Attila ore may be mined and processed and heap leaching may be investigated further once Gruyere operations have been well established.

GOR's 5Mtpa base case study indicates attractive returns

GOR's base case in the Scoping Study used a gold price of A$1,350/ounce at a processing rate of 5Mtpa to an overall accuracy of about ±30%. Key features of this study are as follows:

- Gold production would average about 190kozspa over 11 years (but with gold production of about 213kozspa for the first three years);
- Gold production would be at an average C1 cash cost of A$838/ounce and an average all in sustaining cost (AISC) of A$916/ounce (Table 1);
- Pre-production capital cost is estimated at $360m.

Our modelling of GOR's base case rate of 5Mtpa gave us slightly higher C1 cash costs of $845/oz and an AISC of $919/oz, which gives an indicative internal rate of return (IRR) of around 19%.

Higher processing rates point to much higher returns

GOR has done order of magnitude studies on higher processing rates (7.5 and 10Mtpa) but it has only released indicative operating and financial results for the 7.5Mtpa rate (Table 1 over page).

Our modelling of the higher processing rates indicates potential for significantly enhanced returns with potential C1 cash costs and AISCs of around $780/oz and $850/oz respectively at 7.5Mtpa; and potential C1 cash costs and AISCs of around $750/oz and $830/oz respectively at 10Mtpa. We estimate the indicative IRRs for these higher processing rates on a geared basis are around 45% at 7.5Mtpa and around 100% at 10Mtpa.

Table 1 - Summary of GOR's forecast operating and financial parameters for Gruyere based on Scoping Study

Base Case (5Mtpa) Operating and Financial Parameters		7.5Mtpa Operating and Financial Parameters	
Annual ore production[1] (Mtpa)	5	Annual ore production[1] (Mtpa)	7.5
Average ore grade[1] - (g/t Au)	1.2	Average ore grade[1] - (g/t Au)	1.2
Average gold recoveries (%)	95	Average gold recoveries (%)	95
Average annual gold production (kozs)	190	Average annual gold production (kozs)	268
Average strip ratio (waste to ore)	1.6:1	Average strip ratio (waste to ore)	1.6:1
Capital cost[2] (A$m)	360	Capital cost[2] (A$m)	435 - 480
Average C1 cash costs (A$/oz)	838	Average C1 cash costs (A$/oz)	na
Average all in sustaining costs (A$/oz)	916	Average all in sustaining costs (A$/oz)	na

SOURCE: GOLD ROAD RESOURCES LTD NOTE 1. BASED ON GOR'S GOLD PRICE FORECAST OF A$1,350/OZ
2. CAPITAL COST INCLUDES INITIAL PRE-PRODUCTION DEVELOPMENT AND COST OF PROCESSING PLANT

No significant technical or environmental issues to date

The Scoping Study on Gruyere did not identify any significant technical or environmental issues. The Study identifies Gruyere as a robust, long life and large tonnage project that we believe can be optimised considerably to where it will represent a very attractive development opportunity. Given the outstanding exploration results from GOR's extensive Yamarna Project area, we anticipate that Gruyere could be the first of potentially several major gold operations in the district. GOR's PFS on Gruyere, which is due for completion by about the end of 2015, will be a further important step in the region's gold development progress.

PFS to include power generation studies

The Gruyere PFS will be done in two stages and is expected to take around 12 months to complete. Stage 1 of the PFS is focused on determining the optimal plant size and ore throughput (evaluating rates ranging from 5Mtpa to 10Mtpa). Stage 1 will also consider a range of energy options. Although the recent fall in world oil prices potentially makes diesel power generation relatively more attractive than it was previously, that situation may be a relatively short run event and given that gas-fired power generation can offer savings of at least 25 – 30% over diesel-fired power, gas is a potentially important long term energy source for a major project like Gruyere. The Gruyere Scoping Study only considered diesel-fired power generation. The advent of the natural gas pipeline being extended to the nearby Tropicana gold mine increases the likelihood that gas will be a very attractive energy option for Gruyere.

Stage 2 of the Gruyere PFS will involve detailed technical and financial studies on the preferred and optimum production rate and power generation option. GOR will appoint an experienced project studies and development professional to complement its existing management team and to complete the PFS and take the Gruyere Project through the full feasibility study.

Upside to Gruyere from multiple factors

In the course of the Scoping Study, GOR has identified considerable scope for upside to the economics for the development of the Gruyere deposit. Key areas where significant upside has been identified include the following:

- Larger scale project based on a larger resource from extensions, particularly at depth but also likely to come from reduced internal waste (see Figure 1 over page), which would fully justify higher ore processing rates, with 10Mtpa seeming more likely.

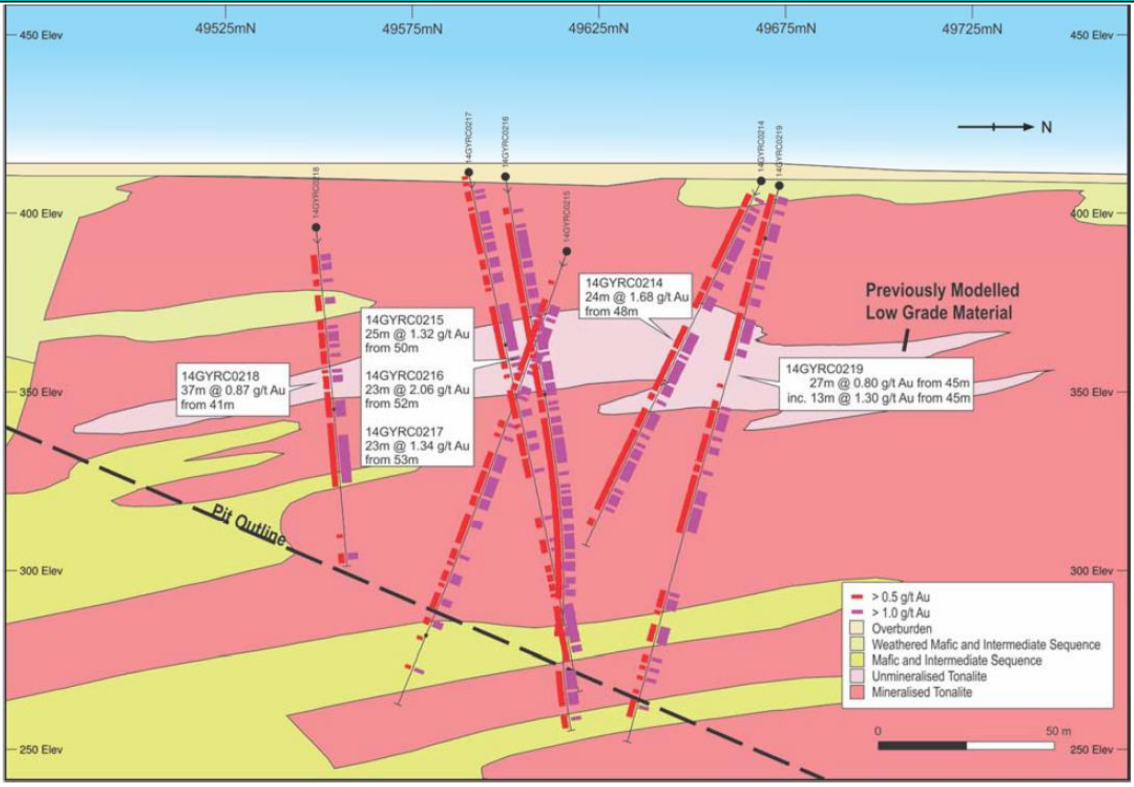
- Use of natural gas for power generation from an extension of the nearby pipeline currently being built to the nearby Tropicana mine.
- Lower unit costs from a larger operation and from lower stripping ratios that could result from less internal waste and more ore (which is to be the focus of the planned infill and resource extension drilling program).
- Continued downward pressure on mining services costs with improved availability of skilled personnel.

Indicative timeline for gold production in FY18

We see the following as an indicative timeline for the development of the Gruyere Gold Project:

- PFS completed by about December 2015
- Feasibility Study completed by about September 2016
- Financing and permitting completed by about December 2016
- Construction starting in early 2017, completed in about early 2018
- Commissioning leading to first gold production in about early 2018

Figure 1 - Longitudinal projection of proposed Gruyere pit showing new mineralised intersections through previous waste zones



SOURCE: GOLD ROAD RESOURCES LTD

Gruyere Resource drilling program

GOR has planned for a further phase of infill and extension drilling at Gruyere involving approximately 10,000 to 15,000m of RC drilling and 4,000 to 6,000m of diamond drilling. This drilling program is designed to enable all Resources within the Scoping Study pit shell to be classified as at least Indicated Resources as a basis for the FPS studies. The program is planned to commence in the March 2015 quarter and to be completed in the

June 2015 quarter. Some of the infill drilling is also designed to better define the nature of the internal waste zones, which recent drilling has found can actually be well mineralised (Figure 1).

Multiple funding options are available

GOR has multiple funding options for Gruyere. Subject to the PFS confirming and enhancing the viability and attractive nature of the Gruyere deposit, we believe the development of Gruyere would be largely fundable by debt. We have assumed that GOR will contribute around $50m in equity, with the balance supplied by project financiers. Other funding mechanisms include the sell-down of equity in the project to a suitable partner, such as GOR's joint venture partner in the South Yamarna area, Sumitomo.

Regional exploration ongoing, follows-up multiple discoveries

Positive exploration results continue to flow from the company's active programs at GOR's Yamarna Gold Project, particularly in the northern (100% owned) areas where impressive drilling results have been obtained from multiple target areas. Excellent North Yamarna results have included:

- 781m intersection averaging 1.29g/t from a deep diamond hole at Gruyere;
- Shallow gold mineralisation in aircore intersections at the Sun River – Wanderrie target including 7m averaging 9.55g/t from 44m downhole. This drilling has defined four gold targets for follow-up drilling; and
- Six large gold anomalies covering a total strike length of 25km have been found by aircore drilling at the Pacific Dunes – Corkwood target area.

In the South Yamarna Joint Venture area (Sumitomo earning up to 50%), two new gold targets have been identified at the Riviera – Smokebush target area.

GOR is planning follow-up drilling at the Sun River – Wanderrie, Riviera – Smokebush and Beefwood targets in the next quarter. Further drilling at the Pacific Dunes – Corkwood target is planned for later in 2015.

Higher valuations for Gruyere, exploration

We have increased our equity adjusted base case and upside case valuations for Gold Road by around 4% to $0.49 and $0.95 per share respectively (Table 3) to reflect the net impact of:

- Revised valuation estimates for Gruyere based on the results of the Scoping Study. Some of the outcomes (such as mining costs) in the Scoping Study were more conservative than we had been using in our modelling while other factors were more favourable (such as the overall waste to ore stripping ratio of 1.6 to 1;
- Recent positive exploration results at the Sun River – Wanderrie, Pacific Dunes – Corkwood and Riviera – Smokebush Prospects; and
- Lower dilution from the higher Gold Road share price (current price is 54% higher at $0.355 compared to the previous valuations, which used a $0.23 share price).

Our valuations are equity adjusted to take into consideration the likely impact of additional equity to be raised over the period of our forecasts (out to 2027). We have assumed that GOR raises further equity capital over the next year or so (Table 2). We have conservatively assumed this raising will be done at the same share price as the current share price, even though we would actually expect the development studies (such as the PFS and subsequent Feasibility Study) on Gruyere will significantly progress the company over the next few years towards production. A successfully de-risked project provides the potential for a higher share price over time.

Table 2 - Forecast additional equity to be raised over the next few years

Year to June	2016e	2017e
Net amount to be raised[1] ($ m)	20.0	50.0
Share price assumed ($)	0.355	0.355
Number of shares to be issued (m)	60.3	150.6
Total number of shares on issue at year end(m)	655.1	805.8

SOURCE: BELL POTTER SECURITIES NOTE 1. AFTER CAPITAL RAISING COSTS

Our Gruyere/Central Bore/Attila valuations are largely based on Net Present Value (NPV) methodology. Our valuations for Gold Road's other exploration assets at Yamarna are based on our estimates, which are related to target size and geological characteristics.

Our base case valuation still assumes that the Gruyere deposit contains a mining inventory of about 75Mt at an average grade of around 1.3g/t for about 3Mozs of contained gold with favourable geometry and metallurgical recovery characteristics. Our upside case valuation assumes that the Gruyere deposit is considerably larger (containing a mining inventory of at least 105Mt at an average grade of about 1.2g/t for about 4Mozs of contained gold).

Gold Road had cash of $21.3m at 31 December 2014 (which was after having raised $23.2m in September 2014) with no debt. It also has a very constructive exploration agreement with Sumitomo Metal Mining (Sumitomo), which is sole funding up to $8M of exploration in the SSYJV up to 31 December 2016 to earn a 50% interest.

Table 3 - Summary valuations for Gold Road

Assets	Base Case		Upside Case	
	$ M[1]	$/share[1,2]	$ M[1]	$/share[1,2]
Yamarna Gold Project – Gruyere, Central Bore and Attila (NPV)	251	0.31	549	0.67
- Other wholly-owned and SSYJV areas[3]	71	0.12	153	0.19
Other Exploration Assets	1	0.00	3	0.01
Total Exploration Assets	324	0.40	705	0.86
Corporate	(13)	(0.02)	(13)	(0.02)
Net Cash[4]	88	0.11	88	0.11
TOTAL ASSETS	**405**	**0.49**	**780**	**0.95**

SOURCE: BELL POTTER SECURITIES ESTIMATES

NOTES: 1. MAY NOT ADD DUE TO ROUNDING AND DILUTION EFFECTS
2. BASED ON EQUITY ADJUSTED DILUTED CAPITAL OF 810.5M SHARES
3. SSYJV = SUMITOMO SOUTH YAMARNA JOINT VENTURE. SUMITOMO HAS THE RIGHT TO EARN UP TO 50% INTEREST IN SYJV
4. BASED ON CASH BALANCE AT 31 DECEMBER 2014 LESS SUBSEQUENT ESTIMATED EXPENDITURE & FORECAST EQUITY TO BE RAISED IN FY16 & FY17

Capital Structure and shareholders

Capital Structure

Gold Road has 14.7m employee options on issue of which 12.7m are currently in the money. There are also 4.7m performance rights on issue.

Table 4 - Gold Road capital structure

Issued shares m	594.9
Share price $/sh	**0.355**
Market cap $m	211.2
Net cash $m	21.3
EV (undiluted) $m	**189.9**
Options (in the money) m	12.7
Issued shares (diluted) m	607.6
Market cap (diluted) $m	215.7
Net cash + options $m	22.9
EV (diluted) $m	**192.8**

SOURCE: COMPANY DATA AND BELL POTTER SECURITIES ESTIMATES

Major shareholders

Table 5 - Gold Road major shareholders

Major shareholders	million shares	% of total
Minco Investment Holdings HK Ltd	37.4	6
Van Eck Fund	30.9	5
Resource Capital Fund VI LP	30.9	5
Management	21.9	4
Other (free float)	463.4	80
Total	**515.4**	**100**

SOURCE: COMPANY DATA AND BELL POTTER SECURITIES ESTIMATES

Gold Road Resources Ltd (GOR)

Company description

Gold Road owns 100% of the Yamarna Gold Project that covers about 4,900km^2 on the eastern edge of the Yilgarn Craton in Western Australia, which it has been exploring since 2006. Gold Road is exploring the northern half of the Project on its own and it has a joint venture (in which it is the manager) with Sumitomo Metal Mining, which may earn up to 50% in the southern half of the Project by expenditure of $8M by December 2016. Gold Road has a total gold resource base at Yamarna (all in 100% owned northern part) of 5.1Mozs at an average grade of 1.3g/t, which is made up of 3.8Mt at 1.2g/t at Gruyere, 0.2Mozs at 7.7g/t at Central Bore and 1.1Mozs at 1.3g/t at the Attila Trend. Gold Road is actively exploring six high priority gold camp-sized targets at Yamarna.

Investment Thesis – Speculative Buy, Valuation $0.49/sh (prev. $0.47/sh)

GOR is well funded (cash of $21.3m at 31 December 2014, no debt) to continue its successful exploration and evaluation programs at Yamarna. It is now focused on the resource upgrade and staged Pre-Feasibility Study for Gruyere; and follow-up drilling at four advanced exploration targets. With an already large (5.1Mozs) gold resource and potential exploration upside, GOR's value is highly leveraged to the gold price.

Valuation

Our valuation of gold Road is based on a risked sum-of-the-parts DCF valuation for the Gruyere, Central Bore and Attila Trend resources (using a discount rate of 10%) plus a nominal valuation for GOR's other various exploration prospects in its Yamarna Gold Project.

Risks

The key risks for resources investments include, but are not limited to:

- **Gold price volatility:** The relatively liquid nature of gold makes it subject to wide fluctuations in price, particularly during more difficult economic times or major world events. Associated with gold price volatility are different gold price and foreign exchange rate outcomes to our forecasts;
- **Lack of exploration success:** The difficulty of exploring in the Yamarna district is related to the fact that the region has variable sand cover that overlies a variable but generally thin Permian sandstone sequence, which sits on the Archaean bedrock that hosts the gold mineralisation. This means that there is little or no outcrop and further complexity comes from the nature of the Archaean bedrock, which has suffered variable alteration and weathering and may contain greater than expected geological complexities that may be difficult to resolve without extensive drilling programs and may inhibit the definition of adequate resources and reserves;
- **Lack of funding:** Exploration companies generally do not have a source of revenue and so they require access to funding to enable them to carry out adequate exploration and related development activities in order to continue to develop their operations;
- **Metallurgical issues:** Notwithstanding that preliminary metallurgical test work has consistently given very positive outcomes with encouragingly very high gold recovery results from gravity and conventional CIL processing testwork, subsequent identification of adverse metallurgical characteristics may result from more detailed

metallurgical investigations that lead to the need for more complicated and expensive processing requirements;

- **Regulatory and government approvals:** While there are currently no indications that there may be any difficulties with progressing through the necessary regulatory and government approvals processes to enable a suitable mining operation to be established, prolonged delays can result from adverse environmental or other regulatory issues and from the need to progress Native Title negotiations in a very careful and sensitive manner that can sometimes result in delays relating to changes in personnel or interpretations;
- **Weather impacts:** Cost overruns or operational delays can be caused by severe weather events because site access may be restricted due to the unsealed nature of roads and airstrips in the remote regions in which the company operates; and
- **Inappropriate acquisitions:** The acquisition of other assets can divert management effort from the current focus and may yield inadequate returns.

Gold Road Resources
as at 19 February 2015

Recommendation	Buy, Speculative
Price	$0.355
Target (12 months)	$0.49

Table 6 - Financial summary

PROFIT AND LOSS

Year ending 30 June	Unit	2013a	2014e	2015e	2016e	2017e
Revenue	A$m	0.4	2.9	0.7	1.0	1.2
Expenses	A$m	(23.7)	(7.3)	(23.0)	(14.8)	(10.1)
EBITDA	A$m	**(23.3)**	**(4.4)**	**(22.3)**	**(13.9)**	**(8.9)**
Depreciation and amortisation	A$m	(0.4)	(0.5)	(0.5)	(0.5)	(0.2)
EBIT	A$m	**(23.7)**	**(4.8)**	**(22.8)**	**(14.4)**	**(9.1)**
Net interest expense	A$m	0.4	2.7	0.2	0.3	(5.8)
PBT	A$m	**(23.3)**	**(2.1)**	**(22.6)**	**(14.1)**	**(14.9)**
Tax (Expense) Benefit	A$m	0.6	0.6	6.8	4.2	4.5
NPAT (reported)	A$m	**(22.7)**	**(1.5)**	**(15.8)**	**(9.9)**	**(10.4)**
Adjustments (after-tax)	A$m	11.8				
NPAT (adjusted)	A$m	**(10.9)**	**(1.5)**	**(15.8)**	**(9.9)**	**(10.4)**

PROFIT AND LOSS (INTERIM)

Half year ending	Unit	Dec-12a	Jun-13a	Dec-13a	Jun-14a	Dec-13e
Revenue	A$m	0.2	0.2	0.2	2.7	0.4
Expenses	A$m	(1.6)	(22.1)	(1.5)	(5.8)	(13.1)
EBITDA	A$m	**(1.4)**	**(21.9)**	**(1.3)**	**(3.1)**	**(12.7)**
Depreciation and amortisation	A$m	(0.2)	(0.2)	(0.2)	(0.2)	(0.2)
EBIT	A$m	**(1.6)**	**(22.1)**	**(1.6)**	**(3.3)**	**(12.9)**
Net interest expense	A$m	0.2	**0.2**	0.2	2.5	
PBT	A$m	**(1.3)**	**(22.0)**	**(1.3)**	**(0.8)**	**(12.9)**
Tax (Expense) Benefit	A$m	(1.3)	1.9	2.3	(1.6)	3.2
NPAT (reported)	A$m	**(2.6)**	**(20.1)**	**1.0**	**(2.5)**	**(9.7)**
Adjustments (after-tax)	A$m					
NPAT (adjusted)	A$m	**(2.6)**	**(20.1)**	**1.0**	**(2.5)**	**(9.7)**

CASH FLOW

Year ending 30 June	Unit	2013a	2014e	2015e	2016e	2017e
OPERATING CASH FLOW						
Receipts	A$m	0.7	2.7	0.5	0.6	0.8
Payments	A$m	(2.9)	(3.6)	(5.5)	(6.6)	(4.2)
Tax	A$m					
Net interest	A$m	0.4	0.2	0.2	0.3	(5.8)
Other	A$m	0.0	0.0	0.0	0.0	0.0
Operating cash flow	A$m	**(1.9)**	**(0.7)**	**(4.8)**	**(5.7)**	**(9.2)**
INVESTING CASH FLOW						
Cap Ex and exploration	A$m	(9.0)	0.0	(10.0)	(12.4)	(292.0)
Other	A$m	(0.1)	1.8	(0.3)	(0.4)	(0.5)
Investing cash flow	A$m	**(9.1)**	**1.8**	**(10.3)**	**(12.8)**	**(292.5)**
FINANCING CASH FLOW						
Net equity proceeds	A$m	7.0	9.4	0.0	20.0	50.0
Debt proceeds	A$m	0.0	0.0	0.0	0.0	249.0
Debt repayments	A$m	0.0	0.0	0.0	0.0	0.0
Dividends	A$m	0.0	0.0	0.0	0.0	0.0
Other	A$m	0.0	0.0	0.0	0.0	0.0
Financing cash flow	A$m	**7.0**	**9.4**		**20.0**	**299.0**
Change in cash	A$m	(4.0)	10.5	(15.1)	1.5	(2.7)

Balance Sheet ($M)

Year ending 30 June	Unit	2013a	2014e	2015e	2016e	2017e
ASSETS						
Cash and short term investments	A$m	8.9	19.4	4.4	5.9	3.2
Accounts receivable	A$m	0.1	0.7	1.3	5.0	14.3
Inventory	A$m	0.0	0.0	0.0	5.6	7.1
Property, Plant & Equipment	A$m	1.5	2.8	4.1	5.4	7.2
Exploration & development	A$m	16.6	16.6	4.6	(2.3)	271.0
Other	A$m	0.1	0.6	1.2	1.7	2.3
Total assets	A$m	**27.1**	**40.1**	**15.5**	**21.2**	**305.0**
LIABILITIES						
Accounts payable	A$m	1.3	1.6	1.8	6.6	14.4
Borrowings	A$m	0.0	0.0	0.0	0.0	249.0
Other	A$m	0.1	0.1	0.1	0.1	3.1
Total liabilities	A$m	**1.4**	**1.8**	**2.0**	**6.8**	**266.5**
SHAREHOLDERS EQUITY						
Share capital	A$m	60.8	70.9	70.9	92.4	146.2
Reserves	A$m	3.1	2.5	2.5	4.2	8.4
Retained earnings	A$m	(38.2)	(39.7)	(55.5)	(65.4)	(75.8)
Total equity	A$m	**25.7**	**33.7**	**17.9**	**31.2**	**78.8**
Weighted average shares	m	415	479	555	625	730

FINANCIAL RATIOS

Year ending 30 June	Unit	2013a	2014e	2015e	2016e	2017e
NPAT (adjusted)	A$m	(10.9)	(1.5)	(15.8)	(9.9)	(10.4)
Adjusted EPS (Basic)	A¢/shr	(5.5)	(0.3)	(2.8)	(1.6)	(1.4)
EPS growth	%	na	na	na	na	na
PER	x	na	na	na	na	na
DPS	A¢/shr	-	-	-	-	-
Franking	%	-	-	-	-	-
Yield	%	-	-	-	-	-
Free Cash Flow (FCF)	A$m	(1.9)	(0.7)	(4.8)	(5.7)	(298.2)
FCF / share	A¢/shr	(0.5)	(0.1)	(0.9)	(0.9)	(40.8)
Price / FCF	x	na	na	na	na	na
FCF yield	%	na	na	na	na	na
EV / EBITDA	x	(8.3)	(43.9)	(8.7)	(13.9)	(21.7)
EV / EBIT	x	(8.1)	(39.8)	(8.5)	(13.4)	(21.2)
EBITDA margin	%	na	na	na	na	na
EBIT margin	%	na	na	na	na	na
Return on assets	%	na	na	na	na	na
Return on equity	%	na	na	na	na	na
LIQUIDITY & LEVERAGE						
Net Debt (Cash)	A$m	(9)	(19)	(4)	(6)	246
Net Debt / Equity	%	-35%	-58%	-24%	-19%	312%
Net Debt / (Net Debt + Equity)	%	-53%	-136%	-32%	-23%	76%
Net Debt / Total Assets	%	-33%	-48%	-28%	-28%	81%
Net Debt / EBITDA	%	38%	442%	20%	43%	-2764%
EBITDA / Interest	x	na	na	na	na	na

ASSUMPTIONS - Prices

Year ending 30 June	Unit	2014e	2015e	2016e	2017e	LT real
GOLD						
Spot	US$/oz	1,295	1,208	1,175	1,245	1,150
Hedged	A$/oz					
Realised	A$/oz					
CURRENCY						
USD / AUD	US$/A$	0.92	0.88	0.85	0.85	0.85

RESOURCE BASE - Equity Share

Deposit	Unit	Measured	Indicated	Inferred	Total	g/t Au
Gruyere	kozs	62	1,515	2,260	3,837	1.2
Central Bore	kozs	37	119	45	201	7.7
Atilla Trend	kozs	389	373	298	1,060	1.3
Total	kozs	**488**	**2,007**	**2,603**	**5,098**	**1.3**

CAPITAL STRUCTURE

Issued Securities	Unit	
Ordinary shares	m	594.9
Unlisted options (14.7m) and performance rights (4.7m)	m	19.5
Total Securities	m	**614.3**

Major Shareholders

	M	(%)	Date of change
J P Morgan Nominees Australia Ltd	37.4	6.3%	16/09/14
Van Eck Associates Corporation	30.9	5.2%	18/02/14
Resource Capital Funds VI LP	30.9	5.2%	14/11/14

VALUATION

	Base Case		Upside Case	
	$M	$ per share [1]	$M	$ per share [1]
Exploration Assets - Gruyere/CB/A	202	0.25	459	0.56
- Other Yamarna	71	0.09	153	0.19
- Other	1	0.00	3	0.00
- Total	**324**	**0.39**	**705**	**0.85**
Net Financials [2]	**75**	**0.09**	**75**	**0.09**
Total	**399**	**0.49**	**780**	**0.95**

Current price	**$0.355**
Recommendation	**Buy**
Risk rating	**Speculative**
Valuation	**$0.49**

Notes: 1. On an equity diluted basis assuming share issues in FY16 and FY17 resulting in total securities of 805.8m; may not add because of rounding and dilution effects.
2. Includes cash, corporate costs and assumed additional equity.

SOURCE: BELL POTTER SECURITIES ESTIMATES

Recommendation structure

Buy: Expect >15% total return on a 12 month view. For stocks regarded as 'Speculative' a return of >30% is expected.

Hold: Expect total return between -5% and 15% on a 12 month view

Sell: Expect <-5% total return on a 12 month view

Speculative Investments are either start-up enterprises with nil or only prospective operations or recently commenced operations with only forecast cash flows, or companies that have commenced operations or have been in operation for some time but have only forecast cash flows and/or a stressed balance sheet.

Such investments may carry an exceptionally high level of capital risk and volatility of returns.

Research Team

Staff Member	Title/Sector	Phone	@bellpotter.com.au
TS Lim	Head of Research	612 8224 2810	tslim
Industrials			
Sam Haddad	Industrials	612 8224 2819	shaddad
John O'Shea	Industrials	613 9235 1633	joshea
Chris Savage	Industrials	612 8224 2835	csavage
Jonathan Snape	Industrials	613 9235 1601	jsnape
Sam Byrnes	Industrials	612 8224 2886	sbyrnes
Bryson Calwell	Industrials Associate	613 9235 1853	bcalwell
John Hester	Healthcare	612 8224 2871	jhester
Tanushree Jain	Healthcare/Biotech	612 8224 2849	tnjain
Financials			
TS Lim	Banks/Regionals	612 8224 2810	tslim
Lafitani Sotiriou	Diversified	613 9235 1668	lsotiriou
Resources			
Peter Arden	Resources	613 9235 1833	parden
Stuart Howe	Resources	613 9235 1782	showe
Fred Truong	Resources	613 9235 1629	ftruong
Quantitative			
Tim Piper	Research Assistant	612 8224 2825	tpiper

Bell Potter Securities Limited
ACN 25 006 390 7721
Level 38, Aurora Place
88 Phillip Street, Sydney 2000
Telephone +61 2 9255 7200
www.bellpotter.com.au