



Gold Road (GOR) Update based on a Pre- Diggers 2014 Visit to Gruyere

(by Keith Goode : 18 August 2014)

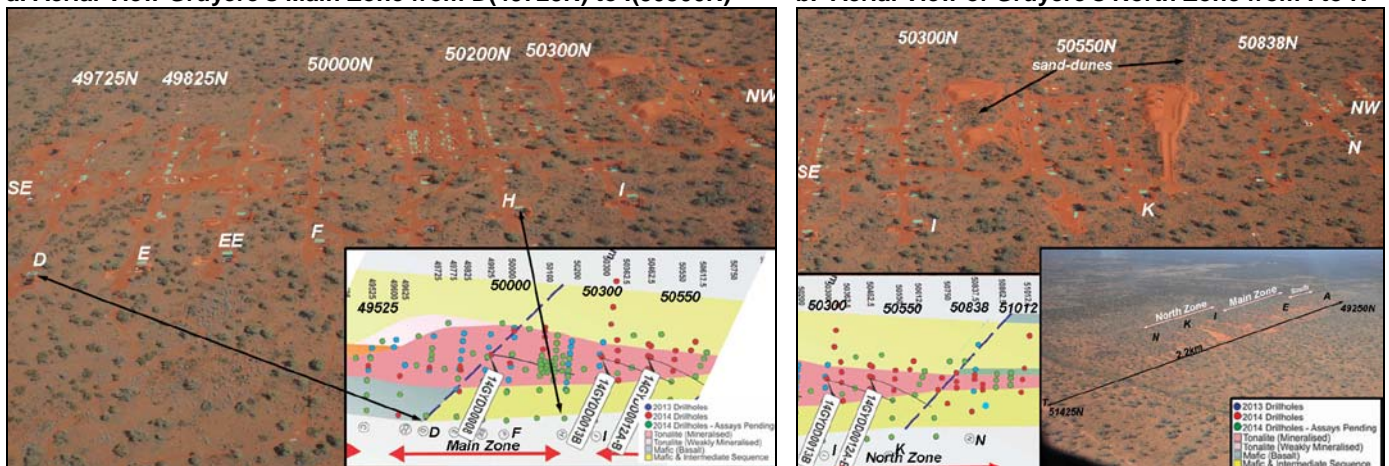
We/ERA attended a mixed broker/media/investor visit ahead of Diggers' 2014 to Gold Road's Gruyere on 3 August 2014, at which the maiden 3.84moz in-pit resource (96.9mt @ 1.23g/t) was unveiled.

Since our last Gold Road report dated 28 April 2014 at 16.5c with a one year target of >25c, GOR had risen to ~30c ahead of the announcement and to ~35c when the maiden resource was announced to the ASX on 4 August 2014. With a market cap now greater than \$100m, GOR has advanced into a different investment category. The next investment category level GOR needs to break is at ~\$300m market cap, equivalent at the current number of issued shares and options to ~55c. **At a current price of ~33.5c, our/ERA next perceived achievable target for GOR is >45c, and GOR is rated as a BUY.**

Figure 1. Aerial Views of Main and North Zone's of Gruyere from D (49725N) to N (50838N)

a. Aerial View Gruyere's Main Zone from D(49725N) to I(50300N)

b. Aerial View of Gruyere's North Zone from I to N



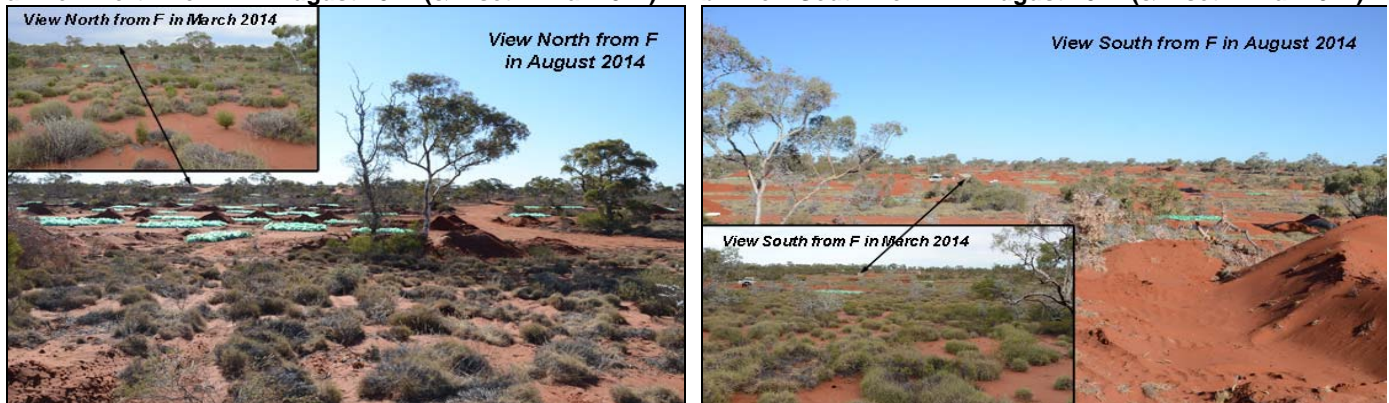
Site Visit

The extent of the drilling (being 26.4km in 208 RC holes & 11.7km in 54 diamond holes [note : 32 of the pre-collared RC holes had diamond tails]) that GOR achieved is shown in the aerial views of Figures 1a and 1b, and in comparison on the ground between March 2014 & August 2014 in Figures 2a and 2b. Gruyere is ~15m to 190m wide, with mineralisation from 1m under the sand cover to >600m depth.

Figure 2. Views North and South from F in March 2014 (inset) and August 2014

a. View North from F in August 2014 (& inset in Mar 2014)

b. View South from F in August 2014 (& inset in Mar 2014)



Justin Osborne joined Gold Road (after the closure of Gold Fields' Global Exploration Division) & together with some of his Gold Fields' colleagues took the Gruyere discovery through to a maiden in-pit resource of 3.84moz (on which preliminary pit shells have already been designed) within less than a year (actually 9.5 months from 14 October 2013 to 4 August 2014). It is a remarkable achievement, at ~400koz/month or ~100koz/week, for a discovery cost of only ~\$7m or less than \$2/oz, with a measured and indicated resource to a depth of ~140m, that appears capable of providing the first ~8 years of ~5mtpa production.

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

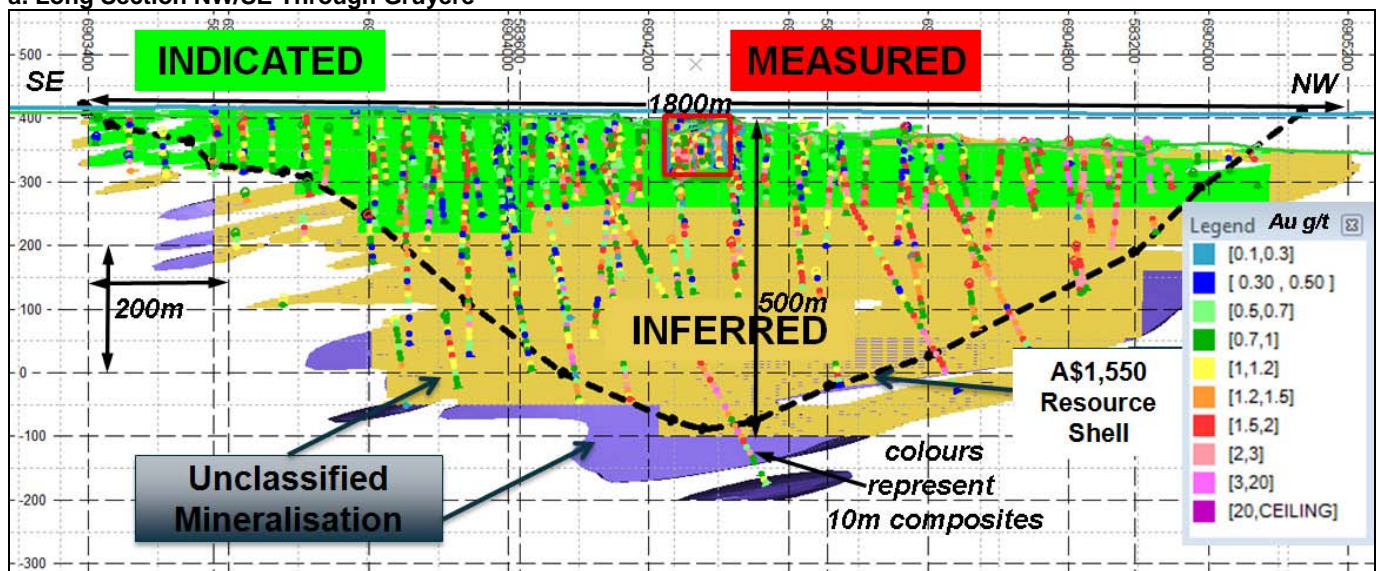
Resources Structure / Trend	Date	Area	Measured & Indicated			Inferred Resources			Total Resources		
			Tonnes Mt	Grade g/t	Gold 000oz	Tonnes Mt	Grade g/t	Gold 000oz	Tonnes Mt	Grade g/t	Gold 000oz
Dorothy Hills	Aug-14	Gruyere	40.2	1.22	1578	56.7	1.24	2260	96.9	1.23	3838
Central Bore	Apr-13	includes Justinian	0.5	10.3	156	0.3	4.1	45	0.8	7.7	201
Attila Trend	Apr-13	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	2,496	64.9	1.2	2,603	123.3	1.3	5,099

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

The maiden resource for Gruyere is shown in Table 1, and with the previously delineated resources, now totals 5.1moz. However, it should be noted that Gruyere's resource is an in-pit resource at A\$1550/oz and a cut-off of 0.7g/t, and does not include all of the resources, as shown by what lies outside of the black dotted line in Figure 3a.

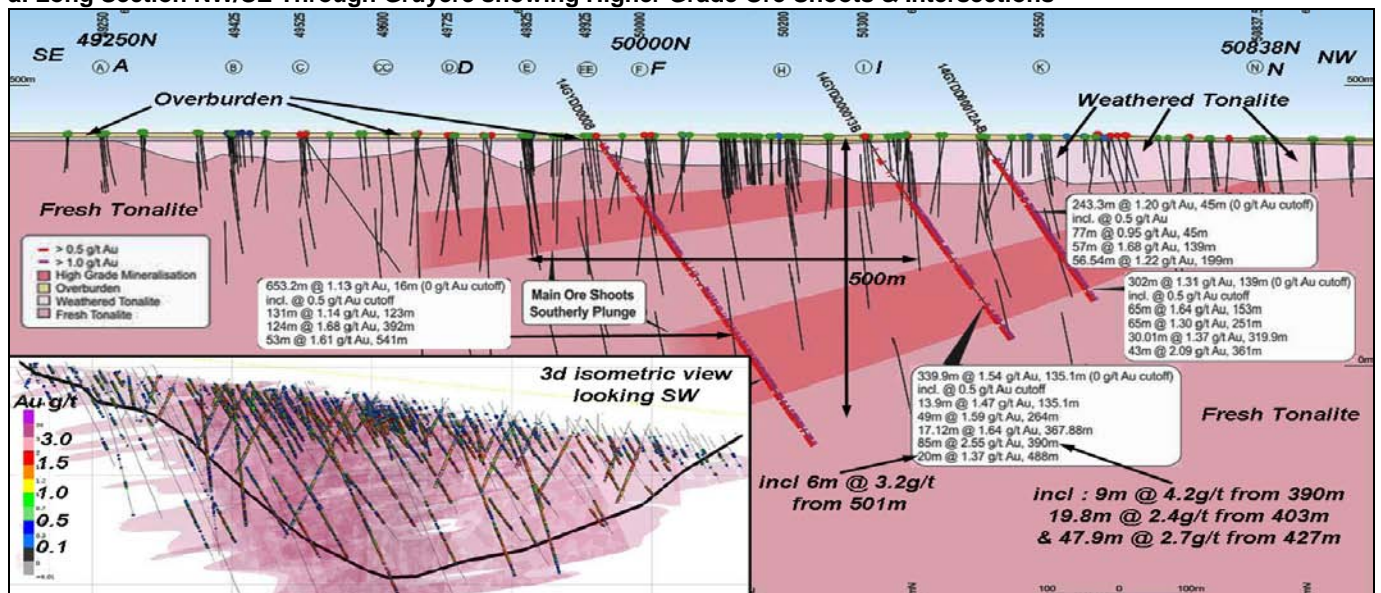
The measured resource of 1.43mt @ 1.36g/t for 62koz lies in the cluster of green bags and drillholes between F and H shown in Figure 1a, being a drillhole spacing of 12.5m x 12.5m to 25m x 25m. **While the indicated resource appears to be fairly robust** between A\$1400/oz and A\$1700/oz, having been based on 30 to 40m E x 100mN, and scissor holes: on and spaced 50mN between the 100m sections along strike - for a total of 40 scissor holes, whose regularity is shown inset in Figure 4a.

Figure 3. Long Section NW/SE Through Gruyere
a. Long Section NW/SE Through Gruyere



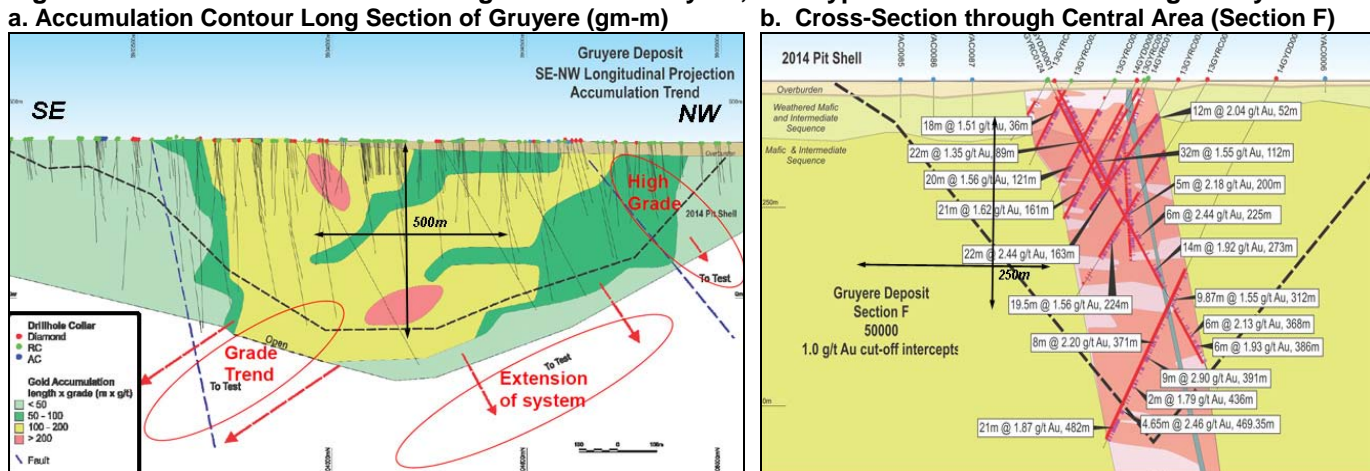
The indicated resource to ~140m below surface as shown in Figure 3a of **38.76mt @ 1.22g/t for 1.515moz** at A\$1550/oz only reduces by 0.48mt & 16koz at A\$1400/oz, or increases by 0.18mt & 6koz at A\$1700/oz. The inferred resource of 56.74mt @ 1.24g/t for 2.26moz @ A\$1550/oz has been limited to within the black dotted pit shell line shown in Figure 3a, while the total (undisclosed) inferred resource is limited to the depth of drilling, 40m on strike from the extent of the drilling, and a 50m wide box at depth.

Figure 4. Long Section NW/SE Through Gruyere showing Higher Grade Ore Shoots & Intersections
a. Long Section NW/SE Through Gruyere showing Higher Grade Ore Shoots & Intersections



Orebodies are often ~1moz, ~3moz, ~5moz or ~10moz (or so) in size. Gruyere at 3.84moz in-pit based on that black line shown in Figure 3a, could already be closer to ~4.5moz (just based on a visual estimation). And then there is the infill between N and T, and any potential extensions north of T (as shown inset in Figure 1b). Conceptually with those higher grade intersections at depth as shown in Figure 4a and the accumulated contour gm-m plot of Figure 5a, **Gruyere could potentially exceed 5moz.**

Figure 5. Accumulation Contour Long Section of Gruyere, and Typical Cross-Section through Gruyere



As Justin stated in his Diggers presentation, "**Gruyere is BFMC**": namely big, fat and with minimal cover averaging ~ 3m to 4m, which with the typical cross-section (at F [50,000N]) as shown in Figure 5b, is expected to result in a low overall average strip ratio (of possibly between 2 and 3). Also it can be seen that all the intersections in Figure 5b are >1.23g/t (the resource grade in Table 1), and the drill core on display on the site visit included **possible underground mineable grades** of : in 14GYDD008 : 1m @ 4.8g/t from ~91m; **12m @ 3.5g/t** from 524m (incl 1m @ 11.5g/t from 532m), **11m @ 2.6g/t** from 609m (incl 1m @ 7.3g/t from 611m); in 14GYDD011: 1m @ 5.3g/t & then 1m @ 4.5g/t from ~153.5m; and as reported on 7 July in 14GYDD013B: **85m @ 2.55g/t** from 390m (incl **9m @ 4.2g/t**), as shown in Figure 4a.

Although the dotted black line pit shell may look simplistic, it has been based on completed geotech studies resulting in pit angles that vary by rock type, weathering zone and area of the deposit (being ~32° in oxide, 40° in transitional and 50° in fresh rock), using industry mining costs, a 5mtpa CIL treatment rate and recoveries of 95% (based on testwork showing a recovery range of ~94% to 98%, of which ~50% to 69% was from gravity separation).

Figure 6. Surface Mining and Scrapers, and the Kalgoorlie Super Pit



Because the overburden is initially sand and then relatively deeply weathered ore (especially in the north) as shown in the long section of Figure 4a, initial extraction is expected to be with scrapers in a surface operation, possibly like that shown in BCI's Diggers' presentation in Figure 6a, while ultimately Gruyere may (to some degree) resemble the Super Pit (flown past on the way to Gruyere) as shown in Figure 6b.

Scoping Study

With the delineation of the maiden resource, Gold Road has commissioned GR Engineering to complete a scoping study by MQ 2015, leading into a PFS/DFS by JQ2016, construction and then production possibly in 2017 potentially building up to ~200kozpa (because a rated 5mtpa Australian CIL plant should be capable of ~6mtpa in soft ore). Gold Road is already reasonably advanced in its infrastructure requirements and approval basis, with that inland highway from Laverton to Alice Springs within ~40km from site followed by haul road-type quality to site as shown in our previous ERA report dated 28 April 2014 (available on the GOR or ERA websites), and shown in Figure 7a. There is already a working airstrip which was used for the visit (that has no vegetation canopy issues), as shown in Figure 7b.

Figure 7. Access Road and Airstrip Infrastructure

a. The Inland Highway to Alice Springs and Site Road



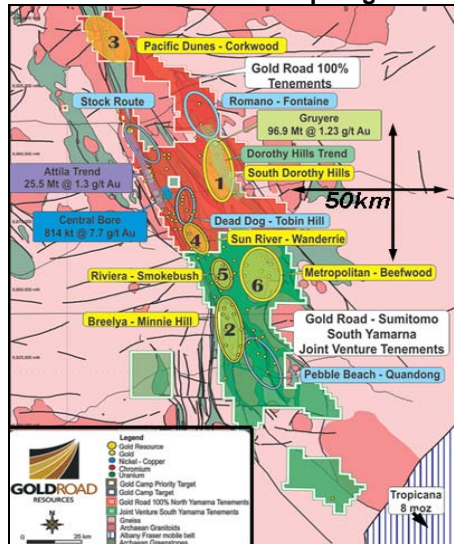
b. The Airstrip at Site for the Current Yamarna Camp



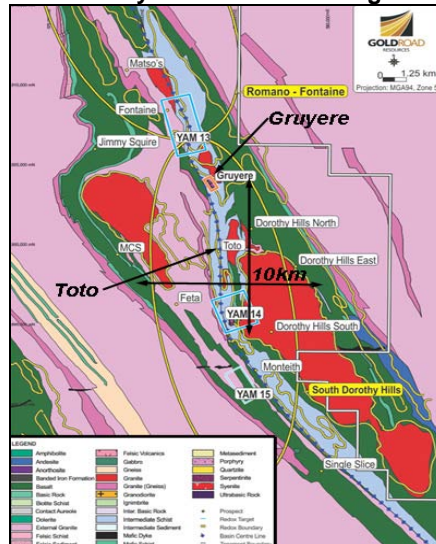
The production water bores have been developed and licenced, the field work for the Level 1 Flora and Fauna survey has been completed, the Central Bore draft mining agreement for Native Title was already in progress, and first pass mining optimisation and scheduling for Gruyere has also been completed.

Figure 8. Plans of : GOR's Gold Camp Targets, Gruyere - Toto Goldfield, and Toto RAB/interface Au results

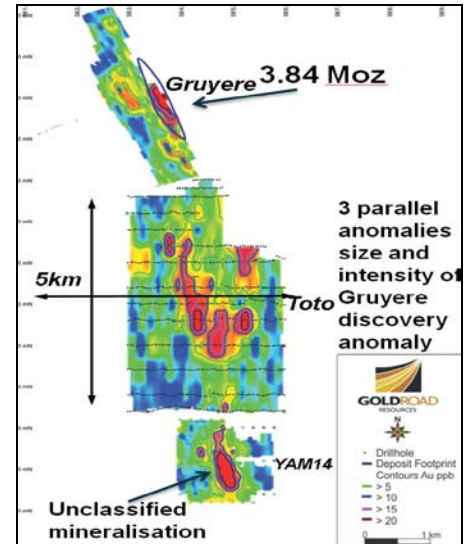
a. Plan of GORs Gold Camp targets



b. The Gruyere - Toto - YAM14 gfield



c. Toto RAB/interface Au results



Exploration Upside and Coming Announcements

Gold Road has successive waves of potential discoveries along the ~200km long Yamarna belt as shown in Figures 8a to 8c. Any discovery could influence GOR's share price. In the **first wave** in SQ2014, are :

- **Toto** - part of Dorothy Hills goldfield containing Gruyere, lying between Gruyere & Yam14. 10.5km of Aircore has been completed with assays due by the end of August 2014/early September 2014, and **expected to be reported in September 2014**. 3 trends were identified in initial RAB/interface drilling as shown in Figure 8c, with some of the drill chips possibly similar to Gruyere.
- **Minnie Hills South** - part of the 50/50 JV with Sumitomo. 23 RC holes to an average depth of ~250m have been completed for a ~5,000m RC programme. Assays are in progress and like Toto are expected to be received by the end of August 2014, **for release in September 2014**.
- **Corktree** - has just started Aircore to refusal drilling, aimed at identifying primary anomalism, with 100m-spaced holes being drilled on 800m apart E/W lines. Corktree is regarded as a potentially promising target area with offset basin centres and a gravity high (per p9 of our April 2014 report).
- **RAB/interface has been completed on Riviera - Smokebush**, and partly on Metropolitan - Beefwood, with results from both areas, expected in the current **September Qtr 2014**.
- While the **second wave** includes Wanderrie, Pebble Beach, Romano - Fontaine, and Tobin etc.

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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