

Spec Buy

Current Price **\$0.098**

Ticker: **GOR**
Sector: **Materials**

Shares on Issue (m): **455.9**
Market Cap (\$m): **44.7**
Cash Estimate (\$m): **8.6**
Enterprise Value (\$m): **36.1**

52 wk High/Low: **\$0.15** **\$0.03**
12m Av Daily Vol (m): **0.85**

Mineral Inventory (100% basis)

	Mt	g/t	Moz
Reserves	-	-	-
Resources	26.3	1.5	1.3

EV / Reserve **\$/oz**
EV / Resource **29**

Directors:

Ian Murray	Executive Chairman
Ziggy Lubieniecki	Executive Director
Russell Davis	Non-Executive Director
Martin Pyle	Non-Executive Director
Kevin Hart	Company Secretary

Share Price Graph



Monday, 2 December 2013

Gold Road Resources

Like chalk and cheese

Analysts | Patrick Chang | Matthew Keane

Quick Read

Although early stage, Gold Road's (GOR) latest discovery at the Gruyere prospect in the Yamarna Belt is shaping up to be a sizable deposit (potentially 1-2Moz). The deposit's modest grade is compensated by the very low strip ratio (Argonaut estimate ~1:1). Subject to sufficient tonnage and favourable metallurgy, Gruyere is potentially an economic deposit. Given the Company's dominant landholdings in the highly prospective, but under-explored Yamarna belt, GOR's refocused strategy to concentrate on regional exploration is likely to pay further dividends. Argonaut is excited about the pipeline of prospects to be tested in FY14, including; Pacific Dunes – Corkwood, Corkwood, Sun River – Wanderrrie and Riviera – Smokebush camp targets. The Company is well cashed-up with >\$8m.

Event & Impact | Positive

Gruyere could be 1-2Moz: Based on the assays received to date, Argonaut estimates an inventory of >500koz @ ~1.0-1.2g/t. The known mineralisation extends ~1000m NS and averages ~100m in width. The mineralisation remains open along strike, particularly to the north, as well as at depth, with most drilling ending in mineralisation. With extensional drilling underway, we anticipate significant Resource upside as the interpreted strike of the intrusive is in excess of 1.2km. Based on this strike, Argonaut believes Gruyere could eventually become a 1-2Moz deposit.

Gruyere discovery – just the beginning?: The discovery of Gruyere followed systematically testing of targets after a comprehensive review of Yamarna Belt's geological and geophysical data compiled to date. Gruyere sits between GOR's YAM13 and YAM14 targets and at the start of a regional scale jog, which is considered to be a very favourable structural setting for gold mineralisation. This 'jog' extends ~7km to the South of Gruyere and Argonaut anticipates systematic testing of this target in due course.

A pipeline of exciting targets to be tested in FY14: Given the Company's dominant landholding in the highly prospective but under-explored Yamarna belt, GOR's refocused strategy to concentrate on regional exploration is likely to pay further dividends. Argonaut is excited about the pipeline of prospects to be tested in FY14, including Pacific Dunes – Corkwood, Sun River – Wanderrrie and Riviera – Smokebush camp targets. The Company is well funded with ~\$8m cash to pursue its exploration aspirations.

Recommendation

Spec Buy recommendation maintained.

Gruyere inventory approaching 1Moz

Argonaut estimates >500koz based on existing drilling

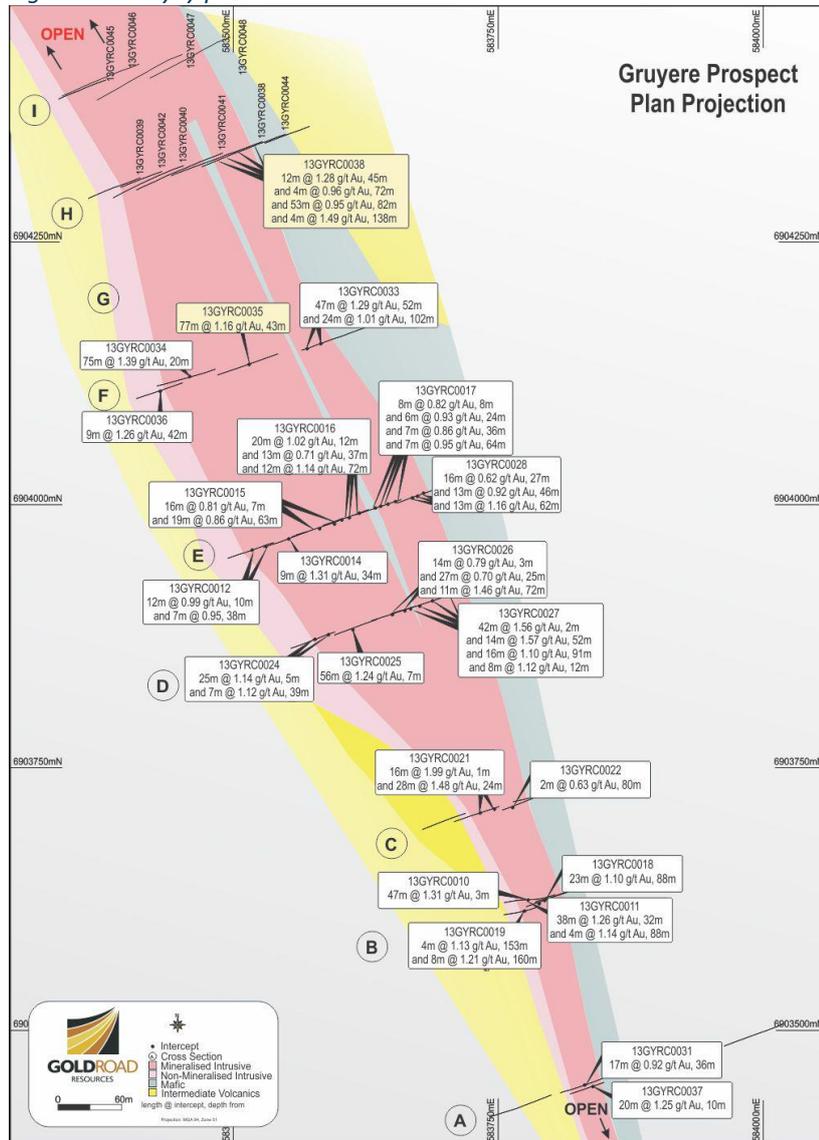
Following up of shallow RAB drilling led to the discovery of the Gruyere prospect in August 2013. Based on the assays received to date, Argonaut estimates an inventory of >500koz @ ~1.0-1.2g/t. The known mineralisation extends ~1000m NS and averages ~100m in width. The drilling has extended to a vertical depth of ~100m with most holes ending in mineralisation.

Argonaut estimates ~500koz defined from drilling completed to date...

...extends 800m NS and averages ~100m in width...

...drilling extended mineralisation to 100m vertical with most holes ending in mineralisation...

Figure 1: Gruyere plan view



Source: GOR unless stated otherwise

Gruyere could be an economic deposit

The mineralisation is hosted in a felsic intrusive (believe to be a tonalite), therefore of a different style to all known mineralisation within the Yamarna Belt. The standout features are the width (~120-180m at the northern end) and the consistency of the mineralisation. These favourable attributes should translate to a very low strip ratio (Argonaut estimate ~1:1) under a mining scenario, offsetting a modest grade.

Gruyere has economic potential given consistency of mineralisation and width...

...translating to a very low strip ratio under a mining scenario (~1:1)...

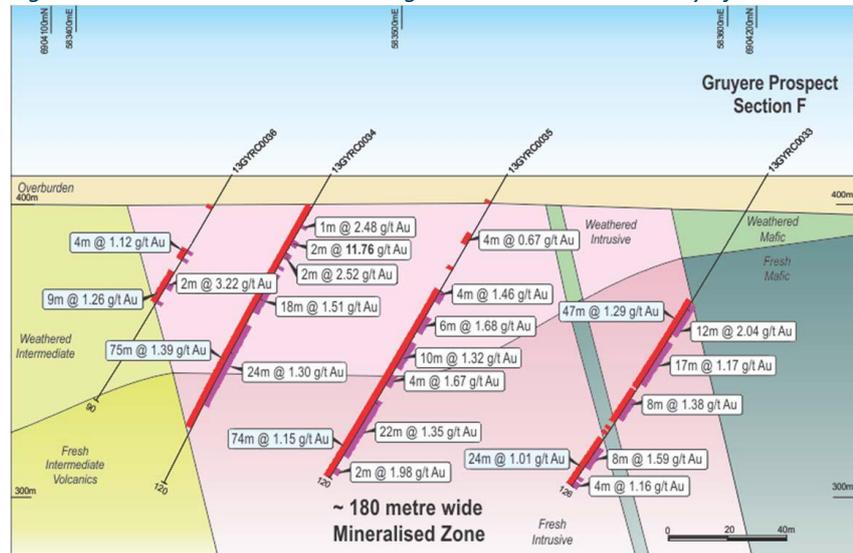
...despite its modest grade

With the mineralisation remains open to the north and drilling underway...

...Gruyere could grow to 1-2Moz

Discovery of Gruyere followed systematic geological work and testing

Figure 2: Cross section demonstrating the width and consistency of mineralisation



Due to the early stage nature, no metallurgical work has been completed and recoveries cannot be reliably estimated at this point. However, gold is understood to be associated with pyrite (as opposed to arsenopyrite).

Gruyere could grow to 1-2Moz

The mineralisation remains open along strike, particularly to the north, as well as at depth, with most drilling ending in mineralisation. With extensional drilling underway, Argonaut anticipates significant Resource upside as the interpreted strike of the intrusive is in excess of 1.2km. Based on this, Argonaut believes Gruyere could eventually become a 1-2Moz deposit.

The Company is commencing an extensional program designed to test mineralisation further to the north. Argonaut also anticipates an in-fill / extensional campaign (including diamond holes) early next year and a potential maiden Resource in late March Q / early June Q 2013.

Gruyere – the beginning of discoveries?

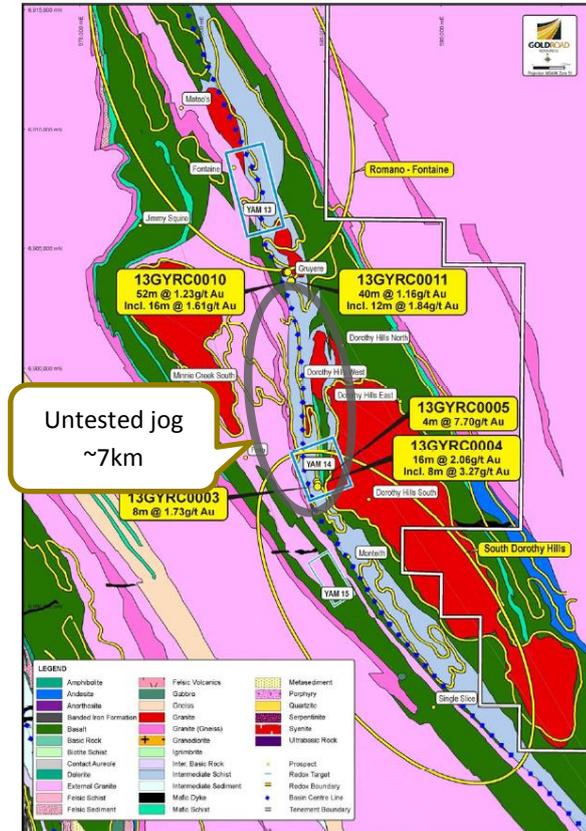
The discovery of Gruyere followed systematically testing of targets after a thorough and comprehensive review of Yamarna Belt’s geological and geophysical data compiled to date.

Gruyere is situated between GOR’s YAM13 and YAM14 targets within the Dorothy Hills camp target. It sits at the start of a regional scale jog, which is considered to be a well understood and very favourable dilational structural setting for gold mineralisation. This ‘jog’ extends ~7km to the South of Gruyere and Argonaut anticipates systematic testing of this target in due course.

7km Geological structure to the south of Gruyere...

...is a considered highly prospective setting for gold mineralisation

Figure 3: Untested jog extends ~7km to the south



Realising the potential of the Yamarna Belt

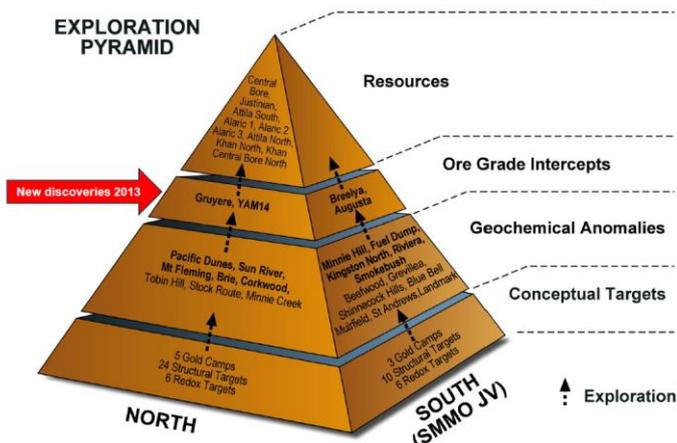
GOR is well positioned to pursue its exploration aspirations...

Given the Company's dominant landholdings in the highly prospective but under-explored Yamarna belt, GOR's refocused strategy to concentrate on regional exploration is likely to pay further dividends. Argonaut is excited about the pipeline of prospects to be tested in FY14, including Pacific Dunes – Corkwood, Corkwood, Sun River – Wanderrie and Riviera – Smokebush camp targets.

The Company is well positioned to pursue its exploration aspirations, armed with \$8m cash and having Sumitomo spending \$8m to farm into the more remote southern tenements.

Figure 4: GOR's exploration pipeline

...with >\$8m in the bank and a pipeline of projects to be tested in FY14



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Important Disclosure

Argonaut has acted as corporate advisor for GOR in the previous 12 months.

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