



**GOLD**  
**ROAD**  
RESOURCES

ABN 13 109 289 527

**NOTICE OF ANNUAL GENERAL MEETING**

**&**

**EXPLANATORY STATEMENT**

**To be held**

At 2.00pm (Perth time), Wednesday, 19 October 2016

**at**

The Celtic Club  
48 Ord Street, West Perth WA 6005

## GOLD ROAD RESOURCES LIMITED

ABN 13 109 289 527

### NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the Annual General Meeting of Gold Road Resources Limited will be convened at 2.00pm (Perth time) on Wednesday, 19 October 2016 at The Celtic Club, 48 Ord Street, West Perth, Western Australia.

#### AGENDA

##### Ordinary business

**1. Discussion of Financial Statements and Reports**

To discuss the Financial Report, the Directors' Report and Auditor's Report for the year ended 30 June 2016.

**2. Resolution 1 – Adoption of the Remuneration Report**

To adopt the Remuneration Report for the financial year ended 30 June 2016.

**3. Resolution 2 – Re-election of Director – Ms Sharon Warburton**

To consider and, if thought fit, to pass the following ordinary resolution:

*"That for the purposes of clause 11.3(a) of the Company's Constitution and for all other purposes, Ms Sharon Warburton, having been appointed a Director on 9 May 2016 retires, and being eligible, is re-elected as a Director of the Company."*

**4. Resolution 3 – Re-election of Director – Mr Tim Netscher**

To consider and, if thought fit, to pass the following ordinary resolution:

*"That for the purposes of clause 11.7 of the Company's Constitution and for all other purposes, Mr Tim Netscher retires by rotation, and being eligible, is re-elected as a Director of the Company."*

##### Special Business

**5. Resolution 4 – Renewal of Employee Incentive Plan**

To consider and, if thought fit, to pass the following ordinary resolution:

*"That for the purposes of Listing Rule 7.2 Exception 9(b) and for all other purposes, the Employee Incentive Plan is renewed for a period of three years from the date of this Meeting."*

**6. Resolution 5 – Grant of Performance Rights to Mr Ian Murray – FY 2017 STI Program**

To consider and, if thought fit, to pass the following ordinary resolution:

*"That for the purposes of Listing Rule 10.14 and for all other purposes, Shareholders approve the grant of up to 269,057 Performance Rights under the Company's Employee Incentive Plan to Mr Ian Murray on the terms and conditions set out in the Explanatory Statement accompanying the Notice of Meeting."*

**7. Resolution 6 – Grant of Performance Rights to Mr Ian Murray – 2019 LTI Program**

To consider and, if thought fit, to pass the following ordinary resolution:

*"That for the purposes of Listing Rule 10.14 and for all other purposes, Shareholders approve the grant of up to 827,868 Performance Rights under the Company's Employee Incentive Plan to Mr Ian Murray on the terms and conditions set out in the Explanatory Statement accompanying the Notice of Meeting."*

**8. Resolution 7 – Grant of Performance Rights to Mr Justin Osborne – FY 2017 STI Program**

To consider and, if thought fit, to pass the following ordinary resolution:

*"That for the purposes of Listing Rule 10.14 and for all other purposes, Shareholders approve the grant of up to 139,344 Performance Rights under the Company's Employee Incentive Plan to Mr Justin Osborne on the terms and conditions set out in the Explanatory Statement accompanying the Notice of Meeting."*

**9. Resolution 8 – Grant of Performance Rights to Mr Justin Osborne – 2019 LTI Program**

To consider and, if thought fit, to pass the following ordinary resolution:

*"That for the purposes of Listing Rule 10.14 and for all other purposes, Shareholders approve the grant of up to 426,229 Performance Rights under the Company's Employee Incentive Plan to Mr Justin Osborne on the terms and conditions set out in the Explanatory Statement accompanying the Notice of Meeting."*

**10. Resolution 9 – Ratification of Prior Issue of Equity Securities (Placement)**

To consider and, if thought fit, to pass the following ordinary resolution:

*“That, for the purposes of Listing Rule 7.4 and for all other purposes, Shareholders ratify the prior issue of 98,058,094 ordinary fully paid shares in the Company on the terms and conditions set out in the Explanatory Statement accompanying the Notice of Meeting.”*

**11. Resolution 10 – Ratification of Prior Issue of Equity Securities (Asarco)**

To consider and, if thought fit, to pass the following ordinary resolution:

*“That, for the purposes of Listing Rule 7.4 and for all other purposes, Shareholders ratify the prior issue of 6,036,206 ordinary fully paid shares in the Company on the terms and conditions set out in the Explanatory Statement accompanying the Notice of Meeting.”*

**12. Resolution 11 – Appointment of auditors**

To consider and, if thought fit, to pass the following ordinary resolution:

*“That pursuant to, and in accordance with, section 327B of the Corporations Act and for all other purposes, KPMG having been nominated by a Shareholder and having consented in writing to act in the capacity of auditor, be appointed as auditor of the Company on the terms and conditions in the Explanatory Statement.”*

**13. Resolution 12 – Renewal of Proportional Takeover Provisions**

To consider and, if thought fit, to pass the following special resolution:

*“That the Company renew the proportional takeover provisions contained in clause 5 of the Company’s Constitution for a period of three years from the date of this Resolution.”*

## VOTING PROHIBITION AND VOTING EXCLUSION STATEMENTS

### Resolution 1 – Adoption of the Remuneration Report

#### Voting Prohibition Statement:

In accordance with the Corporations Act, a vote on Resolution 1 (Adoption of the Remuneration Report) must not be cast (in any capacity) by or on behalf of any of the following persons:

- (a) a member of the Key Management Personnel, details of whose remuneration are included in the Remuneration Report; and
- (b) a Closely Related Party of such a member (including spouses, dependents and controlled companies)

However, a person described above may cast a vote on Resolution 1 as a proxy if the vote is not cast on behalf of a person described above and either:

- (a) the person does so as a proxy appointed by writing that specifies how the proxy is to vote on Resolution 1; or
- (b) the person is the Chairman of the Meeting and the appointment of the Chairman as proxy:
  - (i) does not specify the way the proxy is to vote on Resolution 1; and
  - (ii) expressly authorises the Chairman to exercise the proxy even if Resolution 1 is connected directly or indirectly with the remuneration of a member of the Key Management Personnel.

### Resolution 4 – Renewal of Employee Incentive Plan

#### Voting Prohibition Statement:

In accordance with the Corporations Act, a person appointed as proxy must not vote on Resolution 4 on the basis of that appointment, if that person is:

- (a) a member of Key Management Personnel as at the date of the Meeting; or
- (b) a Closely Related Party of such a member (including spouses, dependents and controlled companies).

However, a person described above may cast a vote on Resolution 4 if the person does so as a proxy for a person who is entitled to vote where:

- (a) the Proxy Form specifies how the proxy is to vote on Resolution 4; or
- (b) the proxy is the Chairman, who may vote in favour of Resolution 4 in accordance with an express authorisation on the Proxy Form.

In addition, a vote on Resolution 4 must not be cast (in any capacity) by or on behalf of a Director and an associate of a Director (except a Director who is ineligible to participate in any employee incentive scheme of the Company or any associate of such Director). However, this prohibition does not apply if:

- (a) the vote is cast by a person as proxy and the proxy form specifies how the proxy is to vote on Resolution 4; and
- (b) the vote is not cast on behalf of a Director who is eligible to participate in any employee incentive scheme of the Company, or any associate or related party of that Director.

#### Voting Exclusion Statement:

The Company will disregard any votes cast on Resolution 4 by or on behalf of a Director and an associate of a Director (except a Director who is ineligible to participate in any employee incentive scheme of the Company or any associate of such Director), as required by ASX Listing Rule 10.14.

However, the Company need not disregard a vote cast if:

- (a) it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form; or
- (b) it is cast by the Chairman of the Meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

## **Resolutions 5 to 8 - Grant of Performance Rights to Mr Ian Murray and Mr Justin Osborne**

### **Voting Prohibition Statement:**

In accordance with the Corporations Act, a person appointed as proxy must not vote on Resolutions 5 to 8 on the basis of that appointment, if that person is:

- (a) a member of Key Management Personnel as at the date of the Meeting; or
- (b) a Closely Related Party of such a member (including spouses, dependents and controlled companies).

However, a person described above may cast a vote on Resolutions 5 to 8 if the person does so as a proxy for a person who is entitled to vote where:

- (a) the Proxy Form specifies how the proxy is to vote on Resolutions 5 to 8; or
- (b) the proxy is the Chairman, who may vote in favour of Resolutions 5 to 8 in accordance with an express authorisation on the Proxy Form.

In addition, a vote on Resolutions 5 to 8 must not be cast (in any capacity) by or on behalf of Mr Murray or Mr Osborne (in respect of their relevant Resolutions) or any of their associates. However, this prohibition does not apply if:

- (a) the vote is cast by a person as proxy and the proxy form specifies how the proxy is to vote on Resolutions 5 to 8; and
- (b) the vote is not cast on behalf of Mr Murray or Mr Osborne (as appropriate), their associates or any related party of them.

### **Voting Exclusion Statement:**

The Company will disregard any votes cast on Resolutions 5 to 8 by or on behalf of a Director and an associate of a Director (except a Director who is ineligible to participate in any employee incentive scheme of the Company or any associate of such Director), as required by ASX Listing Rule 10.14.

However, the Company need not disregard a vote cast if:

- (a) it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form; or
- (b) it is cast by the Chairman of the Meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

## **Resolution 9 – Ratification of Prior issue of Equity Securities (Placement)**

### **Voting Exclusion Statement:**

In accordance with Listing Rule 7.5, the Company will disregard any votes cast on Resolution 9 by or on behalf of any person who participated in the relevant share issue the subject of Resolution 9 and any of their associates.

However, the Company need not disregard a vote cast if:

- (a) it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form; or
- (b) it is cast by the Chairman of the Meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

## **Resolution 10 – Ratification of Prior issue of Equity Securities (Asarco)**

### **Voting Exclusion Statement:**

In accordance with Listing Rule 7.5, the Company will disregard any votes cast on Resolution 10 by or on behalf of Asarco Exploration Company Inc and any of their associates.

However, the Company need not disregard a vote cast if:

- (a) it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form; or
- (b) it is cast by the Chairman of the Meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

## VOTING AT THE ANNUAL GENERAL MEETING

### Voting Entitlements

The Company's Shareholders recorded on the Company's register of members at 10.00am (Perth time) on Thursday, 15 September 2016 (**Notice Record Date**) will be entitled to receive this Notice of Meeting.

The Directors have determined in accordance with Regulation 7.11.37 of the Corporations Regulations, that Shareholders entitled to vote at the Meeting will be the registered holders of Shares (**Registered Shareholders**) at 5.00pm (Perth time) on Monday, 17 October 2016 (**Voting Record Date**).

Shareholders who become Registered Shareholders by acquiring Shares between the Notice Record Date and the Voting Record Date and wish to vote at the Meeting by proxy should contact the Company for further information and to request a Proxy Form.

Shareholders who become beneficial Shareholders (**Beneficial Shareholders**) of Shares by acquiring Shares between the Notice Record Date and the Voting Record Date and wish to vote at the Meeting by proxy should contact their broker or intermediary for instructions on how to do so.

### How to vote:

You may vote by attending the Meeting in person, by proxy, or by appointing an authorised representative.

#### **Voting in Person**

To vote in person, attend the Meeting on the date and at the place set out above. If possible, Shareholders are asked to arrive at the venue 15 minutes prior to the time designated for the Meeting, so that the Company may check the Shareholders' holding against the Company's share register and note attendance.

#### **Voting by Proxy**

##### *Appointment of Proxy*

Shareholders who are entitled to attend and vote at the Meeting, may appoint a proxy to act generally at the Meeting and to vote on their behalf. The proxy does not need to be a Shareholder.

A Shareholder that is entitled to cast two or more votes may appoint two proxies and should specify the proportion of votes each proxy is entitled to exercise. If a Shareholder appoints two proxies, each proxy may exercise half of the Shareholder's votes if no proportion or number of votes is specified.

##### *Voting by proxy*

A Shareholder can direct its proxy to vote for, against or abstain from voting on each resolution by marking the appropriate box in the Voting directions to your proxy section of the Proxy Form. If a proxy holder votes, they must cast all votes as directed. Any directed proxies that are not voted will automatically default to the Chairman, who must vote the proxies as directed.

If the Chairman is to act as your proxy in relation to Resolution 1 (Adoption of the Remuneration Report), Resolution 4 (Renewal of Employee Incentive Plan) or Resolutions 5 to 8 (Approval of the grant of Performance Rights to Mr Ian Murray and Mr Justin Osborne), and you have not given directions on how to vote by completing the appropriate box in the voting directions to your proxy section of the Proxy Form, the Proxy Form expressly directs and authorises the Chairman to cast your votes "for" the relevant resolution. This express authorisation is included because without it the Chairman would be precluded from casting your votes as these resolutions are connected with the remuneration of Key Management Personnel.

The Chairman will vote all undirected proxies in respect of Resolutions 1 to 12 in favour of the relevant resolution.

If you are in any doubt as to how to vote, you should consult your professional adviser.

**Deadline**

Proxy Forms must be received by 2.00pm (Perth Time) on Monday, 17 October 2016.

**How to lodge Proxy Forms**

You can lodge your Proxy Forms with the Company by:

Mail or delivery to:

Security Transfer Australia Pty Ltd  
Alexandrea House  
Suite 1, 770 Canning Highway  
Applecross WA 6153 Australia

Email: registrar@securitytransfer.com.au

Facsimile: +61 8 9315 2233

Electronically: www.securitytransfer.com.au

Further details on how to lodge your Proxy Form can be found on the Proxy Form.

If you have any questions about your Proxy Form please contact Security Transfer Australia Pty Ltd by telephone at +61 8 9315 2333 or the Company Secretary, by telephone at +61 8 9316 9100.

**Appointment of corporate representatives**

Any corporate Shareholder wishing to appoint a person to act as its representative at the Meeting may do so by providing that person with:

- a letter or certificate executed in accordance with the Corporations Act authorising that person to act as the corporate Shareholder's representative at the Meeting; or
- a copy of the resolution appointing that person as the corporate Shareholder's representative at the Meeting, certified by a secretary or director of the corporate Shareholder.

The appointment of a corporate representative must be received by the Company, or the Company's share registrar, Security Transfer Australia Pty Ltd, before the Meeting or at the registration desk on the day of the Meeting. Certificates of appointment of corporate representatives are available at [www.securitytransfer.com.au](http://www.securitytransfer.com.au) or on request by calling +61 8 9315 2333.

**Beneficial Shareholders**

If you are a Beneficial Shareholder and have received these materials through your broker or through another intermediary, please complete and return the form of proxy in accordance with the instructions provided to you by your broker or other intermediary.

**Key Dates**

Event	Date
Determination of voting eligibility	5.00pm (Perth time) on Monday, 17 October 2016
Deadline for lodgement of Proxy Forms	2.00pm (Perth time) on Monday, 17 October 2016
Annual General Meeting	2.00pm (Perth time) on Wednesday, 19 October 2016

**Enquiries**

Shareholders are invited to contact the Company Secretary by telephone on +61 8 9316 9100 if they have any queries in respect of the matters set out in these documents.

**BY ORDER OF THE BOARD**

Kevin R Hart  
Company Secretary

Dated this 16<sup>th</sup> day of September 2016

**GOLD ROAD RESOURCES LIMITED**  
**EXPLANATORY STATEMENT**

This Explanatory Statement and all attachments are important documents. They should be read carefully. If you have any questions regarding the matters set out in this Explanatory Statement or the preceding Notice of Meeting, please contact the Company Secretary on +61 8 9316 9100, or consult your stockbroker or other professional adviser.

**GENERAL INFORMATION**

This Explanatory Statement has been prepared for the Shareholders in connection with the Annual General Meeting of the Company to be held on Wednesday, 19 October 2016.

The purpose of this Explanatory Statement is to provide Shareholders with information that the Board believes to be material to Shareholders in deciding whether or not to approve the resolutions detailed in the Notice of Meeting.

**1. Discussion of Financial Statements and Reports**

The Company's financial reports and the directors' declaration and reports and the auditor's report for the year ended 30 June 2016 (**Financial Statements**) are placed before the meeting thereby giving shareholders the opportunity to discuss those documents and to ask questions. The Company's auditor, Stantons International, will be attending the Annual General Meeting and will be available to answer any questions relevant to the conduct of the audit and their report.

No vote will be taken on the Financial Statements. However, shareholders attending the Annual General Meeting will be given a reasonable opportunity to ask questions about, or make comments on, the Financial Statements.

**2. Resolution 1: Adoption of Remuneration Report**

The Annual Report for the year ended 30 June 2016 contains the Remuneration Report which:

- explains the Board's policies in relation to the nature and level of remuneration paid to Directors and senior management of the Company;
- sets out the remuneration details for each Director specified executive; and
- sets out the details of any Share based compensation.

The Remuneration Report is contained within the Directors' Report in the Company's Annual Report and in the Annual Reports section of the website at [www.goldroad.com.au](http://www.goldroad.com.au).

Voting on the adoption of the Remuneration Report is for advisory purposes only and will not bind the Directors or the Company. The Chairman of the Meeting will allow reasonable opportunity for Shareholders to ask questions about, or comment on, the Remuneration Report at the Meeting.

The Board will consider the outcome of the vote and comments made by Shareholders on the Remuneration Report at the Meeting when reviewing the Company's remuneration policies.

Under the Corporations Act, if 25% or more of votes that are cast are voted against the adoption of the Remuneration Report at two consecutive Annual General Meetings, Shareholders will be required to vote at the second of those Annual General Meetings on a resolution (a **spill resolution**) on whether the Board should be put up for re-election. If the spill resolution is passed, another meeting must be held within 90 days at which all of the Company's Directors (other than the Managing Director) who were in office at the date of approval of the applicable Directors' Report must go up for re-election.

At the Company's 2015 Annual General Meeting, less than 25% of the votes cast on the resolution to adopt the 2015 Remuneration Report were voted against the resolution. Accordingly, regardless of the voting on Resolution 1, no spill resolution is required to be held at this Annual General Meeting.

**Directors' Recommendation**

The Board recommends that Shareholders vote in favour of Resolution 1.

**3. Resolution 2: Re-election of Director – Sharon Warburton**

**Background**

In accordance with Clause 11.3(a) of the Company's Constitution, Ms Sharon Warburton retires after being appointed on 9 May 2016, and being eligible, offers herself for re-election as a Director.

Details of Ms Warburton's experience and qualifications are set out below.

*Qualifications:* Ms Warburton is a Fellow of the Institute of Chartered Accountants Australia and New Zealand and a Graduate of the Australian Institute of Company Directors

*Term of Office:* Director since 9 May 2016

*Independent:* Yes

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*Skills and experience:* Ms Warburton has extensive experience in the construction, mining, resources, real estate and infrastructure sectors from her work across, Australia, the United Kingdom and the UAE. She is the Chairman of the Northern Australia Infrastructure Facility and a non executive director of Fortescue Metals Group and Western Power. She has held a variety of senior executive roles with Brookfield Multiplex and senior finance roles with Citigroup and Rio Tinto. Ms Warburton currently sits on the board of The Perth Childrens Hospital Foundation and is a Curtin University Business School Asia Business Centre Advisory Board member

*Special responsibilities:* Audit Committee Chair, member of the Remuneration and Nomination Committees

**Directors' Recommendation**

The Board (excluding Ms Sharon Warburton) recommends that Shareholders vote in favour of the re-election of Ms Sharon Warburton as a Director.

**4. Resolution 3: Re-election of Director – Tim Netscher**

**Background**

In accordance with Clause 11.7 of the Company's Constitution, Mr Tim Netscher retires by rotation, and being eligible, offers himself for re-election as a Director.

Details on Mr Tim Netscher's experience and qualifications are set out below.

*Qualifications:* Mr Netscher is a Chartered Engineer and holds a Bachelor of Science (Chemical Engineering), a Bachelor of Commerce, an MBA and is a fellow of the Institution of Chemical Engineers and a member of the Australian Institute of Company Directors.

*Term of Office:* Director since 2 September 2014

*Independent:* Yes

*Skills and experience:* With more than 40 years in the resources sector Mr Netscher brings to the Gold Road Board a wealth of knowledge and experience, further strengthening the depth and breadth of mining expertise among the Directors. Mr Netscher has had a distinguished career at senior levels in the international resources industry, holding senior executive roles with Gindalbie Metals Limited, Newmont Mining, Vale Australia, Pt Inco, BHP Billiton and Impala Platinum giving him extensive operational, project development and business development experience.

*Special Responsibilities:* Independent Non – executive Chairman of the Board and member of the Audit, Remuneration and Nomination Committees

**Directors' Recommendation**

The Board (excluding Mr Tim Netscher) recommends that Shareholders vote in favour of the re-election of Mr Tim Netscher as a Director.

**5. Resolution 4: Renewal of Employee Incentive Plan**

**5.1 Background**

The Employee Incentive Plan was approved by Shareholders at the Annual General Meeting held on 18 November 2013. The Board made minor amendments to the Plan on 12 September 2016. A summary of the key terms of the Employee Incentive Plan (as amended) is set out in Appendix A to this Explanatory Statement.

The purpose of the Employee Incentive Plan is to put in place a mechanism allowing the Board, from time to time, to issue options and performance rights (together, **Incentives**) to eligible employees as an incentive or reward for achieving certain performance objectives. The Employee Incentive Plan provides the Company with another tool through which to attract, retain and reward key employees and is considered a valuable tool to enhance retention of employees.

**5.2 Purpose of approval**

Under the Listing Rules, a company is not specifically required to seek shareholder approval for the Employee Incentive Plan. However, subject to the exceptions in Listing Rule 7.2, Listing Rule 7.1 prohibits a listed company from issuing or agreeing to issue equity securities (including shares, performance rights and options) equal to an amount of more than 15% of a company's ordinary capital in any 12 month period without shareholder approval.

Exception 9(b) of Listing Rule 7.2 permits securities issued under an employee incentive scheme such as the Employee Incentive Plan, to be excluded from the 15% limit where the Shareholders have approved the issue of securities under the employee incentive scheme within three years before the date they are issued.

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Shareholder approval is therefore being sought for the issue of securities under the Employee Incentive Plan for the purposes of Exception 9(b) of Listing Rule 7.2.

The Corporations Act restricts the benefits which can be given to individuals who hold a managerial or executive office (as defined in the Corporations Act) on cessation of their employment with the Company or its related bodies corporate (together, the **Group**). Under Section 200B of the Corporations Act, a company may only give a person a "benefit" (as defined in the Corporations Act) in connection with their ceasing to hold a managerial or executive office in the Group if it is approved by shareholders (in accordance with the requirements of Section 200E) or an exemption applies. A "benefit" includes automatic, or accelerated, vesting of share-based payments for person on, or as a result of, retirement from office. Therefore, if the Board were to exercise its discretion under the rules of the Employee Incentive Plan and permit the early vesting of Incentives, this may crystallise a termination benefit for the purposes of the Corporations Act. Accordingly, Resolution 4 also seeks approval for the purpose of sections 200B and 200E, for any "termination benefit" that may be provided to a participant under the Employee Incentive Plan.

Similar approval was granted by Shareholders at the Annual General Meeting in 2013.

### **5.3 Effect of the proposed approval**

If Resolution 4 is passed:

- all Incentives issued by the Company under the Employee Incentive Plan will be excluded from the 15% limit imposed by ASX Listing Rule 7.1 for a period of three years from the date of the approval. In the absence of Shareholder approval, Incentives can still be issued under the Employee Incentive Plan, but the issue of those Incentives will be counted as part of the 15% limit which would otherwise apply during the 12 month period; and
- the Board will have the capacity to exercise certain discretions under the Employee Incentive Plan, including the discretion to vest some or all of the unvested Incentives of any relevant participant who is affected by the termination benefits laws when they leave employment with the Group. If the Board exercises its discretion to vest some or all of an affected participant's unvested Incentives (or to provide that the participant's Incentives do not lapse but will continue and be tested in the ordinary course), the value of the benefit will be disregarded when calculating the relevant participant's cap for the purposes of calculating the permissible termination benefits payable under the Corporations Act.

### **5.4 Key features of the Employee Incentive Plan**

A summary of the key terms of the Employee Incentive Plan (as amended) is set out in Appendix A to this Explanatory Statement.

### **5.5 Previous Issues**

The number of securities issued under the Employee Incentive Plan since it was approved at the 2013 Annual General Meeting are:

<b>Type</b>	<b>Number</b>
Options	10,410,000 with strike prices ranging from \$0.105 to \$0.14 and expiring between 30 October 2015 and 30 September 2016
Performance Rights	7,190,480 of which 486,111 have expired or been cancelled and 1,449,022 have vested and converted to Shares.

**Note:** Performance Rights have no exercise price, however certain executive director performance rights do have vesting conditions linked to Company and market related performance hurdles.

### **5.6 Details of the termination benefits**

Section 200E of the Corporations Act requires certain information to be provided to shareholders in approving a termination benefit. Whilst the value of the proposed termination benefits cannot currently be ascertained, the manner in which the value of the proposed termination benefits is calculated, and the matters, events and circumstances that will, or are likely to, affect the calculation of the value are outlined below.

The Employee Incentive Plan provisions set out how unvested Incentives can be treated if an employee leaves the Company (in certain circumstances). For example, under the rules of the Employee Incentive Plan, where a participant resigns from his or her employment with the Company before his or her Incentives have vested, the Board may exercise its discretion to determine that some or all of the Incentives will vest, and the basis on which vesting may occur (which may include, without limitation, timing and conditions).

As noted above, the exercise of these discretions may constitute a "benefit" for the purposes of the Corporation Act's termination benefits provisions.

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**5.7 Value of the termination benefits**

The value of the termination benefits that the Board may give under the Employee Incentive Plan cannot be determined in advance. This is because various matters will, or are likely to, affect that value. Specifically, the value of a particular benefit will depend on factors such as the Company's Share price at the time of vesting and the number of Incentives that the Board decides to vest.

Some of the other factors that may affect the value of a particular participant's termination benefits are as follows:

- the participant's length of service and the portion of any relevant performance periods that have expired at the time they leave employment;
- the participant's total fixed remuneration at the time grants are made under the Employee Incentive Plan and at the time they leave employment; and
- the number of unvested Incentives that the participant holds at the time they leave employment.

**Directors' Recommendation**

The Board (excluding the executive directors who decline to make a recommendation based on their interest in the outcome of Resolution 4) recommends that Shareholders vote in favour of the re-approval of the Employee Incentive Plan.

**6. Resolutions 5 to 8: Grant of Performance Rights to Mr Ian Murray and Mr Justin Osborne**

**6.1 Background**

Mr Ian Murray is the Managing Director and Chief Executive Officer of the Company. Mr Justin Osborne is an Executive Director of the Company.

The Board is seeking Shareholder approval to grant Performance Rights to Messrs Murray and Osborne (or their nominees), in accordance with the terms and conditions of the Employee Incentive Plan.

The Employee Incentive Plan was approved by Shareholders at the Annual General Meeting held on 18 November 2013 and re-approval of the Employee Incentive Plan is sought under Resolution 4. The key terms and conditions of the Employee Incentive Plan are summarised in Appendix A and will apply to the Performance Rights that are proposed to be issued.

Each Performance Right represents a right to be issued a Share at a future point in time subject to the satisfaction of any conditions relating to vesting, performance hurdles and/or exercise.

**Background to the 2019 Long Term Incentive (LTI) program (Resolutions 6 and 8)**

Resolutions 6 and 8 seek Shareholder approval pursuant to Listing Rule 10.14 to grant up to:

- (a) 827,868 Performance Rights to Mr Ian Murray (or his nominee); and
- (b) 426,229 Performance Rights to Mr Justin Osborne (or his nominee),

(together, the **LTI Performance Rights**).

The Board has granted the LTI Performance Rights as part of Messrs Murray and Osborne's respective long term incentive portions of their remuneration packages. Eligibility to receive the LTI Performance Rights is dependent upon achieving future Company hurdles which have been developed in support of the Company's strategic plan.

The Company's remuneration policy for long term incentives is included in the 2016 Annual Report. The Company's remuneration policy is to ensure executive remuneration is competitive in retaining and motivating key executives. The granting of these LTI Performance Rights, which may only vest in three years' time, will provide a long term incentive for continued outstanding performance and the opportunity for share ownership.

The proposed grant of LTI Performance Rights seeks to further align their interests with those of Shareholders by linking their remuneration with the long term performance of the Company.

The key vesting condition is that Messrs Murray and Osborne must remain employed up and until the applicable test date of 30 June 2019, being a three year measurement period (**Measurement Period**).

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The Performance Rights are also subject to two separate performance hurdles:

- (a) 50% of the Performance Rights will vest and convert into Shares over the Measurement Period based on the Company's Total Shareholder Return (TSR) compared to a nominated peer group over that same period (**Shareholder Return Hurdle**); 50% of the Shareholder Return Hurdle will be achieved if the Company TSR is 100% of the nominated equal weighted peer group index. If the TSR is greater than 100% relative to the nominated peer group index, the LTI achievement will be 50% plus the percentage which is outperformed against the nominated peer group, up to a maximum of 100% of the Shareholder Return Hurdle.
- (b) 50% of the Performance Rights will vest on achieving an internal corporate hurdle to be met by 30 June 2019 (**Company Hurdle**). The corporate hurdles weighted equally, are as follows:
1. A period of 30 consecutive days achieving consistent production throughput (including tonnage, grade recovery, and costs) within the Board approved budget and parameters; and
  2. Greenfields discovery of a deposit of greater than 1 million ounces contained gold or at the Board discretion an equivalent acquisition.

The calculation framework used to determine the LTI Performance Rights to be granted is set out in Appendix B. This Appendix also sets out the value of the Performance Rights as at the date of grant. As detailed in Appendix A, Incentives granted under the Employee Incentive Plan automatically vest in the event of a change in control of the Company.

**Background to the FY 2017 STI program (Resolutions 5 and 7)**

By Resolutions 5 and 7, the Company seeks Shareholder approval pursuant to Listing Rule 10.14 to grant up to a maximum of:

- (a) 269,057 Performance Rights to Mr Ian Murray (or his nominee); and
- (b) 139,344 Performance Rights to Mr Justin Osborne (or his nominee),

(together, the **STI Performance Rights**).

The 2017 STI Plan is based on the following set percentage of base salary, with performance assessed against a mix of personal and corporate objectives over the one year period to 30 June 2017 (**STI Measurement Period**):

	<b>Ian Murray</b> <b>Managing Director and</b> <b>Chief Executive Officer</b>	<b>Justin Osborne</b> <b>Executive Director</b>
<i>STI as a percentage of base salary</i>	65%	42.5%
<i>Aligned to corporate KPI</i>	90%	90%
<i>Aligned to personal performance KPI</i>	10%	10%

The 2017 STI performance measures broadly include:

- Year on year improvement on safety targets
- Project development hurdles relevant to the STI Measurement Period
- A new discovery greater than 600,000 ounces JORC compliant Resource
- Gruyere Project funding signed off by the Board and /or Joint Venture transaction completed
- Native title and external stakeholder relations and compliance

For FY 2017, if the Executive Directors achieve 100% of their Corporate and Personal KPIs, they could earn the following STI amounts:

<b>Name</b>	<b>Target STI \$</b>	<b>50% Cash component \$</b>	<b>No. of Performance Rights<sup>(1)</sup></b>
Ian Murray	328,250	164,125	269,057
Justin Osborne	170,000	85,000	139,344

- (1) The number of FY 2017 STI Performance Rights to be granted is determined by dividing the 50% of the target STI earned by 61 cents being the higher of the Company's 30 day VWAP for the period to 1 July 2016 and the most recent capital raising price prior to that date (being the April 2016 share placement and entitlement issue).

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**6.2 Effect on the Company**

The grant of the LTI Performance Rights and the STI Performance Rights (together, the **Executive Director Performance Rights**) to Messrs Murray and Osborne will have a diluting effect on the percentage interest of existing Shareholders' holdings. For instance, assuming all Executive Director Performance Rights are exercised, the Company's issued Shares would increase by 1,662,498 Shares to a total issued capital of 870,548,269 Shares<sup>1</sup> representing 0.19% of the then issued Shares in the Company.

There are no significant opportunity costs to the Company or benefits foregone by the Company in granting the Executive Director Performance Rights. No loan is provided by the Company to allow for exercise.

Australian International Financial Reporting Standards require the Executive Director Performance Rights to be expensed in accordance with AASB 2 – Share Based Payments. The Executive Director Performance Rights are expected to be expensed over the vesting period in which they are granted. Expensing the Executive Director Performance Rights will have the effect of increasing both the expenses and the contributed equity of the Company. There will be no impact on the net assets or the cash position or financial resources of the Company as a result of expensing the Executive Director Performance Rights.

There are no material tax implications for the Company in granting these Performance Rights.

**6.3 Requirement for Shareholder approval**

Approval for the grant of the Executive Director Performance Rights is sought for the purposes of ASX Listing Rule 10.14 and for all other purposes. Listing Rule 10.14 provides that the Company must not issue equity securities (including Performance Rights) under an employee incentive scheme to a Director of the Company without Shareholder approval.

Chapter 2E of the Corporations Act also requires shareholder approval where a public company seeks to give a "financial benefit" to a "related party" (unless an exception applies). A "related party" for the purposes of the Corporations Act is defined widely. It includes a director of a public company and specified members of the director's family. It also includes an entity over which a director maintains control. Directors such as Messrs Murray and Osborne are considered to be related parties within the meaning of the Corporations Act, and the Executive Director Performance Rights will constitute a financial benefit for the purposes of Chapter 2E of the Corporations Act.

An exception to the requirement to obtain shareholder approval in accordance with Chapter 2E applies where the financial benefit constitutes part of the related party's "reasonable remuneration". The Board (other than Messrs Murray and Osborne who were not able to make a recommendation due to their interests in the grant of Executive Director Performance Rights) considers that the grant of the Executive Director Performance Rights to Messrs Murray and Osborne, and any issue of Shares upon the exercise of those Executive Director Performance Rights, constitutes part of the reasonable remuneration of Messrs Murray and Osborne respectively. In reaching this conclusion, the Board has had regard to a variety of factors including market practice and the remuneration offered to persons in comparable positions at comparable companies

Approval under Listing Rule 7.1 is not required in order to grant the Executive Director Performance Rights to Messrs Murray and Osborne, as approval is being obtained under Listing Rule 10.14. The grant of Executive Director Performance Rights (and Shares upon vesting of the Executive Director Performance Rights) to Messrs Murray and Osborne will not be included in calculating the Company's capacity to issue equity securities equivalent to 15% of the Company's ordinary securities, under Listing Rule 7.1.

**6.4 Key terms of the Performance Rights**

For the purposes of Listing Rule 10.15, and for all other purposes, the following additional information is provided to Shareholders in respect of the proposed grant of Executive Director Performance Rights.

<b>Maximum number of securities to be issued</b>	The maximum number of Executive Director Performance Rights that may be granted under the Employee Incentive Plan is as follows: <ul style="list-style-type: none"><li>▪ to Mr Ian Murray (or his nominee): up to 1,096,925 and</li><li>▪ Mr Justin Osborne (or his nominee): up to 565,573</li></ul>
<b>Terms of grant</b>	The Executive Director Performance Rights will be granted in accordance with the terms of the Employee Incentive Plan (the terms of which are summarised in Appendix A to this Explanatory Statement). These include specific terms that relates to the treatment of those rights on cessation of employment, on a change of control in the Company and the adjustment of the terms in certain prescribed circumstances.
<b>Issue price</b>	No consideration is payable at the time of grant of the Executive Director Performance Rights or for the issues or transfer of Shares upon vesting of the Executive Director Performance Rights.

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<sup>1</sup> As at 31 August 2016 the issued capital of the Company comprised 868,885,771 ordinary fully paid Shares, 4,610,000 unlisted Options with various expiry dates and exercise prices and 6,741,363 Performance Rights with various expiry dates.

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<b>Previous grants under the Employee Incentive Plan</b>	<p>Since the Employee Incentive Plan was last approved by Shareholders in November 2013, Mr Murray has been granted 3,300,000 Options exercisable on or before 19 November 2015 at 13 cents each (exercised) and 3,011,578 Performance Rights vesting on various dates subject to performance hurdles.</p> <p>Since the Employee Incentive Plan was last approved by Shareholders in November 2013, Mr Osborne has been granted 3,000,000 Options exercisable on or before 14 October 2017 at 13 cents each and 1,120,636 Performance Rights vesting on various dates subject to performance hurdles.</p> <p>No consideration was payable for the grant of the Options and Performance Rights and no other person listed under Listing Rule 10.14 has received Incentives under the Employee Incentive Plan since it was last approved by Shareholders in November 2013.</p>
<b>Persons entitled to participate in the Employee Incentive Plan</b>	<p>Messrs Murray and Osborne are the only people referred to in Listing Rule 10.14 eligible to participate in the Employee Incentive Scheme. Any additional people referred to in Listing Rule 10.14 who become entitled to participate in the Employee Incentive Scheme will not do so until any Shareholder approval required under Listing Rule 10.14 is obtained.</p>
<b>Vesting</b>	<p>Subject to the Board's discretion, if the Performance Hurdles attached to the Executive Director Performance Rights are satisfied, the Performance Rights will vest and may be exercised by the holder into Shares.</p> <p>Details of the Performance Hurdles attached to the Executive Director Performance Rights are outlined above.</p>
<b>Ranking of Shares</b>	<p>Shares allocated to Messrs Murray and Osborne upon exercise of the Executive Director Performance Rights will rank equally with other Shares on issue.</p>
<b>No funds raised</b>	<p>No funds are raised through the grant of the Executive Director Performance Rights or on the exercise and conversion of the Executive Director Performance Rights to Shares.</p>
<b>Loans</b>	<p>No loans have or will be made by the Company in connection with the Executive Director Performance Rights proposed to be granted to Messrs Murray or Osborne.</p>
<b>Date of grant of Performance Rights</b>	<p>The Executive Director Performance Rights will be granted no later than 12 months after the date of the Meeting.</p>

**6.5 Remuneration and securities held**

The following securities are held by Messrs Murray and Osborne (or their nominees):

Director	Securities Held	Exercise price/ Hurdle	Expiry date
Mr Murray	1,300,000 Performance Rights <sup>(2)</sup>		30 June 2018
	1,125,000 Performance Rights <sup>(3)</sup>		31 December 2019
	210,375 STI 2016 Performance Rights		31 July 2017 fully vested
	13,522,952 Ordinary Fully Paid Shares <sup>(1)</sup>		
Mr Osborne	1,000,000 Options	13 cents	14 October 2017 fully vested
	1,000,000 Options	13 cents	14 October 2017 fully vested
	1,000,000 Options vesting 14 October 2016	13 cents	14 October 2017
	486,111 Performance Rights <sup>(2)</sup>		30 June 2018
	397,727 Performance Rights <sup>(3)</sup>		31 December 2019
	104,125 STI 2016 Performance Rights		31 July 2017 fully vested
	1,490,174 Ordinary Fully Paid Shares <sup>(4)</sup>		

**Notes:**

- (1) Held indirectly by Troyleigh Investments Pty Ltd atf Ian and Karen Trust, and Ian & Karen Murray Superannuation.
- (2) Granted under the 2017 LTI Program and vesting on 30 June 2017 subject to meeting Company and Shareholder hurdles.
- (3) Granted under the 2018 LTI program and vesting on 31 December 2018 subject to meeting Company and Shareholder hurdles
- (4) Held indirectly by OT Superfund, of which Mr Osborne is a beneficiary.

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Details of the nature and amount of each major element of the remuneration of Messrs Murray and Osborne for the year ended 30 June 2016 are set out below:

	Salary \$	Superannuation Contributions \$	Other Benefits \$	Value of Incentives \$	Total \$
Mr Murray	494,999	19,308	7,690	395,462	917,459
Mr Osborne	350,001	19,308	7,690	182,172	559,171

**6.6 Directors' recommendation**

For the reasons set out above, the Non-executive Directors recommend that Shareholders vote in favour of Resolutions 5 to 8. The Executive Directors (being Messrs Murray and Osborne) decline to make a recommendation to Shareholders in relation to Resolutions 5 to 8 given their respective interests in the outcome of those resolutions.

**7. Resolution 9 – Ratification of Prior Issue of Equity Securities (Placement)**

**7.1 Background**

On 27 April 2016, the Company announced that it had undertaken a placement of 98,058,094 ordinary fully paid shares (**Placement Shares**) to professional and sophisticated investors at a subscription price of \$0.44 each share, to raise \$43.1 million before the costs of the issue (**Placement**). The Placement was managed jointly by Argonaut Securities and Macquarie Capital (Australia) Limited.

The Placement was completed on 29 April 2016 under the Company's 15% existing placement facility provided in Listing Rule 7.1.

**7.2 Purpose of approval**

Listing Rule 7.1 provides that without Shareholder approval, a company must not issue or agree to issue new equity securities constituting more than 15% of its total issued capital within a 12 month period (excluding any issue of equity securities approved by Shareholders and other various permitted exceptions which are not relevant for current purposes).

Listing Rule 7.4 allows an issue of securities made without the approval of Shareholders to be ratified by Shareholders, in order to refresh the 15% capacity under Listing Rule 7.1, provided that at the time the issue was made, the issue was made within the Company's existing 15% capacity under Listing Rule 7.1.

Shareholder approval is therefore now sought pursuant to Listing Rule 7.4 to ratify the Placement Shares issued so that these Shares are not counted in determining the Company's capacity to issue up to 15% of its issued ordinary capital under Listing Rule 7.1.

**7.3 Details of the Placement**

Listing Rule 7.5 requires that the following information be provided to Shareholders for the purpose of obtaining Shareholder approval pursuant to Listing Rule 7.4:

<b>Total number of Placement Shares issued</b>	98,058,094 Placement Shares
<b>Issue price of each Share</b>	\$0.44
<b>Terms of issue</b>	The Placement Shares were issued on the same terms and conditions as the Company's existing Shares and rank equally with existing Shares on issue
<b>Allottee</b>	The Placement Shares were issued to professional and sophisticated investors who are clients of Argonaut Securities and Macquarie Capital (Australia) Limited, none of whom are related parties of the Company
<b>Listing of the Placement Shares</b>	The Placement Shares are listed on ASX
<b>Use of the funds raised</b>	The funds raised under the Placement are to be used to purchase long lead time capital items; to complete early works and front end engineering design for the Gruyere Project; for continued regional exploration and to fund ongoing corporate costs and working capital
<b>Voting exclusion statement</b>	A voting exclusion statement is included in the Notice of Annual General Meeting in respect of Resolution 9

**Directors' recommendation**

The Board recommends that Shareholders vote in favour of Resolution 9.

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**8. Resolution 10 – Ratification of Prior Issue of Equity Securities (Asarco)**

**8.1 Background**

On 27 January 2016, the Company announced that it had issued 6,036,206 ordinary fully paid shares (**Asarco Shares**) to Asarco Exploration Company Inc (**Asarco**) being settlement in respect of the termination of the Asarco Announcement and Net Smelter Royalty attaching to certain Yamarna tenements including the Gruyere Project.

The Asarco Shares were issued on 25 January 2016 under the Company's 15% existing placement facility provided in Listing Rule 7.1.

**8.2 Purpose of approval**

Listing Rule 7.1 provides that without Shareholder approval, a company must not issue or agree to issue new equity securities constituting more than 15% of its total issued capital within a 12 month period (excluding any issue of equity securities approved by Shareholders and other various permitted exceptions which are not relevant for current purposes).

Listing Rule 7.4 allows an issue of securities made without the approval of Shareholders to be ratified by Shareholders, in order to refresh the 15% capacity under Listing Rule 7.1, provided that at the time the issue was made, the issue was made within the Company's existing 15% capacity under Listing Rule 7.1.

Shareholder approval is therefore now sought pursuant to Listing Rule 7.4 to ratify the Asarco Shares issued so that these Shares are not counted in determining the Company's capacity to issue up to 15% of its issued ordinary capital under Listing Rule 7.1.

**8.3 Details regarding the issue of Asarco Shares**

Listing Rule 7.5 requires that the following information be provided to Shareholders for the purpose of obtaining Shareholder approval pursuant to Listing Rule 7.4:

<b>Total number of Asarco Shares issued</b>	6,036,206 Asarco Shares
<b>Issue price of each Share</b>	\$0.37
<b>Terms of issue</b>	The Asarco Shares were issued on the same terms and conditions as the Company's existing Shares and rank equally with existing Shares on issue
<b>Allottee</b>	The Asarco Shares were issued to Asarco Exploration Company Inc
<b>Listing of the Asarco Shares</b>	The Asarco Shares are listed on ASX
<b>Use of the funds raised</b>	As settlement in respect of the termination of the Asarco Announcement and Net Smelter Royalty attaching to certain North Yamarna tenements including the Gruyere Project
<b>Voting exclusion statement</b>	A voting exclusion statement is included in the Notice of Annual General Meeting in respect of Resolution 10.

**Directors' recommendation**

The Board recommends that Shareholders vote in favour of Resolution 10.

**9. Resolution 11 – Appointment of Auditor**

Stantons International, which is the Company's current auditor, has given notice of its intention to resign as auditor of the Company to ASIC (under Section 329(5) of the Corporations Act).

Upon receipt of ASIC's consent to their resignation, Stantons International has advised that it will submit a notice of resignation to the Company in accordance with Section 329(5) of the Corporations Act, such resignation to take effect from the date of the Meeting.

In accordance with Section 328B(1) of the Corporation Act, the Company has sought and obtained a nomination from a Shareholder for KPMG to be appointed as the Company's auditor. A copy of this nomination is attached to this Explanatory Statement as Appendix C.

KPMG has given its written consent to act as the Company's auditor, subject to Shareholder approval and the resignation of Stantons International.

If Resolution 11 is passed, the appointment of KPMG as the Company's auditors will take effect from the close of the Meeting.

**Directors' recommendation**

The Board recommends that Shareholders vote in favour of Resolution 11.

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**10. Resolution 12 – Renewal of Proportional Takeover Provisions**

**10.1 Background**

Under the Corporations Act, a company may include provisions in its constitution to enable it to refuse to register shares acquired under a proportional takeover bid unless a resolution approving the bid is passed by the shareholders. Such provisions cease to apply three years after they were inserted into a company's constitution, or last renewed by shareholders.

At the Company's Annual General Meeting held on 18 November 2013, a resolution was passed inserting the proportional takeover bid approval provisions in the Company's constitution. In accordance with section 648G of the Corporations Act, those provisions will cease to have effect on 18 November 2016 (being three years after they were last renewed). The Directors consider that it is in the best interests of the Shareholders to renew the proportional takeover provisions.

Where the approval of Shareholders is sought to renew proportional takeover provisions in a constitution, the Corporations Act requires the Company to provide Shareholders with an explanation of the proposed proportional takeover approval provisions. That information is set out below to assist Shareholders to make an informed decision on whether to support or oppose Resolution 12.

**10.2 What is a proportional takeover bid?**

A proportional takeover bid is a takeover offer sent to all shareholders, but only in respect of a specified portion of each shareholder's shares. Accordingly, if a shareholder accepts in full the offer under a proportional takeover bid, the shareholder will dispose of the specified portion of their shares in a company and retain the balance of the shares.

**10.3 Effect of the provisions to be renewed**

If the provisions are renewed, in the event that a proportional takeover offer is made to Shareholders of the Company, the Board will be required to convene a meeting of Shareholders to vote on a resolution to approve the proportional takeover offer. That meeting must be held at least 15 days before the offer under the proportional takeover bid closes.

The resolution shall be taken to have been passed if a majority of Shares voted at the meeting, excluding the Shares of the bidder and its associates, vote in favour of the resolution. The Directors will breach the Corporations Act if they fail to ensure the approving resolution is voted on. However, if no resolution is voted on before the end of the 15th day before the close of the offer, the resolution will be deemed to have been passed. Where the resolution approving the offer is passed or deemed to have been passed, transfers of Shares resulting from accepting the offer will be registered provided they otherwise comply with the Corporations Act, the Listing Rules, the Settlement Operating Rules and the Company's constitution. If the resolution is rejected then, in accordance with the Corporations Act, the offer will be deemed to be withdrawn.

In accordance with the Corporations Act, the provisions will again cease to operate three years after their adoption unless members resolve by special resolution to further renew them in accordance with statutory procedure.

The proportional takeover approval provisions do not apply to full takeover bids.

**10.4 Reasons for proposing the resolution**

The Directors consider that Shareholders should have the opportunity to renew the proportional takeover provisions in the constitution. Without the renewal of such provisions, a proportional takeover bid for the Company may enable effective control of the Company to be acquired without Shareholders having the opportunity to dispose of all of their shares to the bidder. Accordingly, Shareholders risk passing control to the bidder without payment of an adequate control premium for all their Shares, whilst at the same time being left as part of a minority interest in the Company.

The proportional takeover provisions deal with this possibility by providing that if a proportional takeover bid is made for Shares in the Company, Shareholders must vote on whether or not a proportional takeover bid should be permitted to proceed.

The benefit of the provisions is that Shareholders are able to decide collectively whether the proportional offer is acceptable in principle. Further, the provisions may ensure that any partial offer is appropriately priced.

**10.5 No knowledge of present acquisitions proposals**

As at the date on which this Explanatory Statement is prepared, no Director is aware of a proposal by any person to acquire, or to increase the extent of, a substantial interest in the Company.

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**10.6 Potential advantages and disadvantages for the directors and shareholders of the Company**

The renewal of the proportional takeover provisions will enable the Directors to formally ascertain the views of Shareholders in respect of a proportional takeover bid. Without such provisions, the Directors are dependent upon their perception of the interests and views of Shareholders. Other than this advantage, the Directors consider that renewal of the proposed provisions has no potential advantages or potential disadvantages for them personally as they remain free to make a recommendation on whether a proportional takeover offer should be accepted.

The Directors consider that the proportional takeover provisions will benefit all Shareholders in that they will have an opportunity to consider a proportional takeover bid and then attend, or be represented by proxy at, a meeting of Shareholders called specifically to vote on the proposal. Accordingly, Shareholders will be able to prevent a proportional takeover bid proceeding if there is sufficient support for the proposition that control of the Company should not be permitted to pass under the proportional takeover bid. The provisions may also help Shareholders avoid being locked in as a minority with one majority Shareholder. In addition, and as stated above, increasing the bargaining power of Shareholders may ensure that any partial offer is adequately priced. Furthermore, knowing the view of Shareholders assists each individual Shareholder to assess the likely outcome of the proportional takeover bid and whether to accept or reject that bid.

As to the possible disadvantages to Shareholders of inserting a proportional takeover provision, it may be argued that the proposal makes a proportional takeover bid more difficult and that such proportional takeover bids will therefore be discouraged. The chance of a proportional takeover bid being successful may be reduced. In turn, this may reduce the opportunities which Shareholders may have to sell all or some of their Shares at a premium to persons seeking control of the Company and may reduce any takeover speculation element in the Company's Share price. Such a provision may also be considered an additional restriction on the ability of individual Shareholders to deal freely in their Shares.

On balance, the Directors consider that the possible advantages outweigh the possible disadvantages such that insertion of a proportional takeover provision is in the interests of Shareholders.

***Directors' Recommendation***

The Board recommends that Shareholders vote in favour of Resolution 12. Each Director intends to vote all the Shares controlled by him or her in favour of the resolution.

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**GLOSSARY**

**Annual General Meeting or Meeting** means the Annual General Meeting of Shareholders to be held at The Celtic Club on Wednesday, 19 October 2016 at 2.00pm (Perth time), or any adjournment thereof.

**ASX** means ASX Limited (ABN 98 008 624 691), or as the context requires, the financial market operated by it.

**ASX Listing Rules or Listing Rules** means the Listing Rules of the ASX, from time to time and as modified by any express waiver given by ASX.

**Board** means the board of Directors.

**Chairman** means the person chairing the Meeting from time to time.

**Closely Related Party** of Key Management Personnel means:

- a spouse or child of the member;
- a child of the member's spouse;
- a dependent of the member or the member's spouse;
- anyone else who is one of the member's family and may be expected to influence the member or be influenced by the member in the member's dealings with the Company;
- company the member controls; or
- a person prescribed by the Corporations Regulations 2001 (Cth).

**Company or Gold Road** means Gold Road Resources Limited ABN 13 109 289 527.

**Constitution** means the Company's constitution.

**Corporations Act** means the *Corporations Act 2001* (Cth).

**Director** means a director of the Company.

**Employee Incentive Plan** means the Gold Road Employee Incentive Plan as approved by Shareholders at the Company's 2013 Annual General Meeting.

**Executive Director Performance Right** means the Performance Rights proposed to be granted to Mr Ian Murray and Mr Justin Osborne pursuant to Resolutions 5 to 8.

**Explanatory Statement** means this explanatory statement accompanying the Notice of Meeting.

**Financial Statements** has the meaning given in section 1 of this Explanatory Statement.

**FY** means Financial Year

**Key Management Personnel** has the same meaning given in the accounting standards. Broadly speaking this includes those persons with the authority and responsibility for planning, directing and controlling the activities of the Company (whether directly or indirectly), and includes any Directors of the Company.

**Non-executive Director** means a non-executive Director of the Company.

**Notice of Meeting** means this notice of Annual General Meeting, including the Explanatory Statement.

**Option** means an option to acquire a Share.

**Performance Right** means a performance right issued in accordance with the Employee Incentive Plan.

**Proxy Form** means the proxy form attached to this Notice of Meeting.

**Share** means a fully paid ordinary share in the capital of the Company.

**Shareholder** means a shareholder of the Company.

**Spill Meeting** has the meaning given in section 2 of this Explanatory Statement.

**Spill Resolution** has the meaning given in section 2 of this Explanatory Statement.

**Total Shareholder Return** means the total before tax investment return achieved by a Shareholder over a defined period based on Share price movement over that period and the reinvestment of dividends, if any.

**VWAP** means volume weighted average price.

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## Appendix A – Terms and Conditions of Employee Incentive Plan

A summary of the key terms of the Employee Incentive Plan is set out in the table below:

<b>Eligibility</b>	<p>Under the terms of the Employee Incentive Plan, the Board may determine which employees of the Company and its related bodies corporate are eligible to participate.</p> <p>The Employee Incentive Plan is targeted at the Company’s senior management and employees, including Executive Directors (as determined by the Board from time to time). Any proposal to issue Performance Rights or Options to Executive Directors under the Incentive Plan would require prior Shareholder approval to be obtained pursuant to the related party provisions of the ASX Listing Rules.</p>
<b>Incentives</b>	<p>The Employee Incentive Plan allows the Board to grant Performance Rights and Options (each an Incentive) to eligible participants.</p>
<b>Vesting conditions</b>	<p>The vesting terms for grants of Incentives under the Employee Incentive Plan will be decided by the Board from time to time. Where appropriate, the Board may impose appropriate performance hurdles to encourage employees to focus on performance of the Company over the long term.</p> <p>The Board considers that issuing Options with a premium exercise price, and on such terms that the Options lapse on the cessation of employment, will ensure that benefits will only be received by recipients who continue to be employed by the Company. In the Board’s view terms of that nature have a like effect to a vesting condition.</p>
<b>Number of Incentives to be granted</b>	<p>The number of Incentives granted under the Employee Incentive Plan will be decided by the Board from time to time.</p> <p>The Board notes that Performance Rights involve less risk to an employee than options, as they do not require the employee to pay any amounts to the Company upon exercise. As a result, where the Board decides to grant Performance Rights, an employee will typically receive fewer Performance Rights when compared with the number of options they would have otherwise received under the Incentive Plan or any other employee incentive plan.</p>
<b>Exercise Price</b>	<p>Performance Rights do not require the employee to pay any amount to the Company upon vesting or exercise.</p> <p>The Board may grant options under the Employee Incentive Plan. If it chooses to do so, the exercise price of any options granted under the Incentive Plan is at the absolute discretion of the Board and the Board will determine the exercise price from time to time. Typically, any options granted would have an exercise price calculated by reference to a VWAP of the Company’s shares for a period prior to the date of grant.</p>
<b>Cashless exercise</b>	<p>The incentive holder may determine, in its sole and absolute discretion, that an optionholder will not be required to provide payment of the full amount of the exercise price to the Company for the number of options (as specified in the option exercise notice) but that on exercise of the options, the Company will issue the number of Shares equal in value to the difference between the Market Value of the Shares and the exercise price otherwise payable in relation to the options (with the number of Shares rounded down).</p> <p>“Market Value of the Shares” means the VWAP of the Shares (sold in the ordinary course of trading on ASX during the 20 trading days before the date on which the holder exercises its options).</p>
<b>Takeover bid and change in control</b>	<p>Incentives granted under the Employee Incentive Plan automatically vest in the event of a change in control of the Company, including where a takeover bid is made for the Company and the bidder acquires more than 50% of the Company, Shareholders approve a scheme of arrangement, or in any other case where a person obtains voting power in the Company which the Board determines (acting in good faith and in accordance with their fiduciary duties) is sufficient to control the composition of the Board.</p> <p>The Board also has the discretion to permit the exercise of Incentives in other limited circumstances, such as where a resolution is passed approving the disposal of the Company’s main undertaking.</p>
<b>Transferability</b>	<p>Incentives granted under the Employee Incentive Plan are generally not transferable.</p>
<b>Dividend and voting rights</b>	<p>Incentives granted under the Employee Incentive Plan do not carry any dividend or voting rights.</p>
<b>Adjustment for rights issues</b>	<p>The exercise price of Incentives granted under the Employee Incentive Plan (which is only applicable for options granted under the Employee Incentive Plan, which have an exercise price) will be adjusted in the manner provided by the ASX Listing Rules in the event of the Company conducting a rights issue prior to the lapse of that Incentive.</p>

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EXPLANATORY STATEMENT**

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<b>Board discretion</b>	Under the terms of the Incentive Plan, the Board has absolute discretion to determine the exercise price, the expiry date and vesting conditions of any grants made under the Incentive Plan, without the requirement for further Shareholder approval.
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<b>Copies of Incentive Plan</b>	A copy of the full terms of the Employee Incentive Plan can be obtained by contacting the Company Secretary on +61 8 9316 9100.
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**GOLD ROAD RESOURCES LIMITED  
EXPLANATORY STATEMENT**

## Appendix B – Calculation of Performance Rights under the 2019 LTI Program and Measurement Peer Group

The framework for the Company's Long Term Incentive Remuneration Policy is based on the following key principles which apply to the grant of long term incentives:

- The vesting of long term incentives will be subject to performance measured against long term internal Company hurdles and Shareholder return hurdles.
- Vesting will be measured at the end of a minimum three year period.
- Long term incentives are to be granted annually, and will be subject to a percentage threshold amount of base remuneration. The percentage threshold is to be reviewed at each grant, and determined based on market and peer group practice.

The Performance Rights to be granted to Messrs Murray and Osborne subject to Shareholder approval as set out in the Explanatory Statement is set out below:

<b>Executive</b>	<b>Base Salary</b>	<b>LTI %</b>	<b>LTI \$ Value</b>	<b>No. of Rights</b>
Mr Ian Murray - Managing Director and Chief Executive Officer	505,000	100%	505,000	827,868
Mr Justin Osborne - Executive Director	400,000	65%	260,000	426,229
			765,000	1,254,097

<b>Performance Hurdle</b>	<b>Weighting</b>	<b>No. of Rights</b>
Company	50%	627,049
Shareholder Return	50%	627,049

The market value used by the Company, for the purposes of calculating the quantity of Performance Rights that may be converted to Shares has been set at 61 cents being the higher of the Company's 30 day VWAP for the period to 1 July 2016 and the most recent capital raising price prior to that date (being the April 2016 share placement and entitlement issue).

**Peer group of companies used to compile an equal weighted index for measurement of the TSR vesting condition for LTI Performance Rights the subject of Resolutions 6 and 8 - 2019 LTI Program**

- Doray Minerals Limited
- Dacian Gold Limited
- Saracen Mineral Holdings Limited
- Troy Resources Limited
- Beadell Resources Limited
- Perseus Mining Limited
- Resolute Mining Limited
- Northern Star Limited
- OceanaGold Corporation
- Newcrest Mining Limited
- Evolution Mining Limited
- Medusa Mining Limited
- Kingsgate Consolidated Limited
- Silver Lake Resources Limited
- St Barbara Limited
- Gryphon Minerals Limited

**GOLD ROAD RESOURCES LIMITED  
EXPLANATORY STATEMENT**

**Appendix C – Shareholder Nomination of Auditor**

2 September 2016

The Company Secretary  
Gold Road Resources Limited  
Level 2, 26 Colin St  
West Perth WA 6005

Dear Sir

**Notice of Nomination of Proposed Auditor**

Pursuant to Section 3288(1) of the Corporations Act 2001, I Russell Davis being a member of Gold Road Resources Limited, hereby give you notice of the nomination of KPMG of 235 St George's Terrace, Perth as auditor of Gold Road Resources Limited.

Yours faithfully



Russell Davis

27 Faulkner Street Wembley Downs WA 6019 E:  
russelljdavisl@gmail.com