

SPEC BUY

Current Price **\$0.33**

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

Shares on Issue (m): **594.9**
Market Cap (\$m): **175.5**
Cash Estimate (\$m): **21.5**
Enterprise Value (\$m): **154.0**

52 wk High/Low: **\$0.40** **\$0.11**
12m Av Daily Vol (m): **1.64**

Mineral Inventory (100% basis)

	Mt	g/t	Moz	
Reserves	-	-	-	
Resources	123.2	1.3	5.1	
				\$/oz
EV / Reserve				-
EV / Resource				30

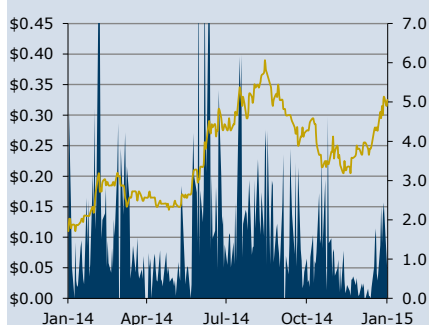
Directors:

Ian Murray	Executive Chairman
Justin Osborne	Executive Director
Russell Davis	Non-Executive Director
Martin Pyle	Non-Executive Director
Kevin Hart	Company Secretary

Substantial Shareholders:

Van Eck	8.3%
Minco	7.2%
RCF	5.2%

Share Price Graph



Tuesday, 20 January 2015

Gold Road Resources

Big

Analysts | Patrick Chang | Matthew Keane

Quick Read

Gold Road (GOR) delivered an impressive 781m @ 1.3g/t from 22m intersection from the ongoing drilling campaign at Gruyere. The 3.8Moz deposit has the potential to be the next major gold development in Australia. Its potential scale (~200koz pa), geometry (~2:1 strip), long life (>10 years), and favourable metallurgical properties (>90%, including ~50% from gravity) combined with a low sovereign risk jurisdiction, will ensure the asset attracts market and corporate attention. A Scoping Study is anticipated imminently (scheduled for the March Q). The Company is well cashed up and catalyst rich, with a plethora of regional targets being tested in CY15. SPECULATIVE BUY recommendation maintained.

Event & Impact | Positive

781m @ 1.3g/t: The impressive diamond drill hole is significant in several aspects. First, it highlights higher grade mineralisation within deposit (e.g. 162m @ 2.1g/t) which can be preferentially treated upfront to minimise payback period and improve project IRR. Secondly, this hole has in-filled some of the material previously defined as 'waste', thereby increasing the Resource upside and ensuring a low strip ratio. Thirdly, this hole extended the mineralisation to 750m below surface (~150m extension to previous limits). Lastly, the intersection confirms the consistent nature of the Gruyere mineralisation and minimal grade control requirements.

Ticking the boxes: Gruyere could become the next significant gold development in Australia. A Scoping Study is anticipated in March Q 2015. Highlights include:

- Significant scale and mine life, potentially 200kozpa with >10 year mine life
- Favourable geometry (potential strip ratio of ~2.0:1 at a head grade of ~1.2g/t)
- Continuity of the mineralisation and visual controls
- High recovery of >90% gold using CIL at coarser grind sizes (125µm)
- High gravity recoveries (~50%)
- Virgin discovery in an under-explored belt

High intensity regional exploration program underway: Having completed a A\$23m capital raising in September CY13, the stock is newsflow rich with a high intensity exploration program underway. Targets to be tested in CY15 include; Sun River – Wanderrie, Pacific Dunes – Corkwood, South Dorothy Hills and the southern Yamarna JV targets. The Company had early success at Sun River – Wanderrie with ore grade intersections returned from shallow, reconnaissance drilling, including 7m @ 9.6g/t. This will be followed up by a 1,000m RC program scheduled in the March Q.

Recommendation

SPECULATIVE BUY recommendation maintained.

A significant intersection

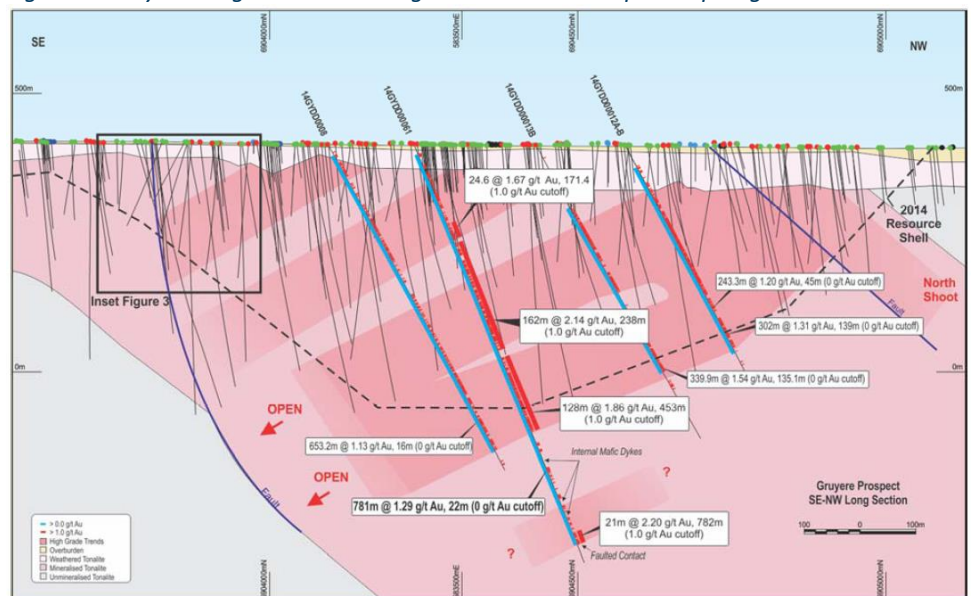
The impressive intersection of 781m @ 1.3g/t highlights...

The 781m @ 1.3g/t intersection is significant in several aspects and highlights:

- Consistent higher grade mineralisation within the deposit (e.g. 162m @ 2.1g/t), which can be preferentially treated upfront to minimise payback period and improve IRR
- Further Resource upside, with previously defined 'waste' material returning ore grades, ensuring a low strip ratio
- Depth extension to 750m below surface, ~150m deeper than previous limits
- Consistency and the scale of the Gruyere deposit, and the resultant low requirement for grade control
- An additional higher grade lode beneath the existing Resource shell (21m @ 2.2g/t)

...grade potential within the Gruyere deposit (e.g. 162m @ 2.1g/t)...

Figure 1: Gruyere long section showing new hits and interpreted plunge



...consistency of the mineralisation and minimal grade control requirement...

Source: GOR

The cumulative length of mineralisation within the 781m intersection totals 346m at 2.4 g/t Au (1.0g/t cut-off), and 522 metres at 1.8 g/t Au (0.5g/t cut-off).

...previously defined 'waste' material being converted to ore with drilling

In addition, the Company reported further significant in-fill diamond drilling results from Gruyere including:

- 230m @ 1.1g/t from 61m
- 187m @ 1.2g/t from 275m

The drilling campaign so far has also confirmed the interpreted northerly plunge, boosting grade and inventory upside. Assay results confirmed consistent mineralisation of 30 to 60 metre widths (downhole) at > 1.6g/t Au, including:

- 59m @ 1.7g/t from 45m
- 46m @ 2.7g/t from 131m
- 65m @ 1.8g/t from 173m

Uncovering Yamarna

Regional exploration pipeline

Having completed a A\$23m capital raising in September CY13, the stock is newsflow rich with a high intensity exploration program underway. Targets to be tested in CY15 include (in additional to near mine targets at Gruyere):

- Sun River – Wanderrie
 - An in-fill program planned to follow up 4 gold anomalies
 - An ~1,000m RC program to test encouraging early hits
- Pacific Dunes – Corkwood
 - An in-fill program to follow up six coherent anomalies
 - Likely to be in H2 CY15
- South Dorothy Hills
 - Covers ~20km strike, extension of the Gruyere trend
 - Potential thrust complex
- Yamarna JV targets

GOR is well cashed up with a plethora of targets to test...

...including Sun River – Wanderrie, Pacific Dunes – Corkwood, South Dorothy Hills, Yamarna JV

Wanderrie showing potential

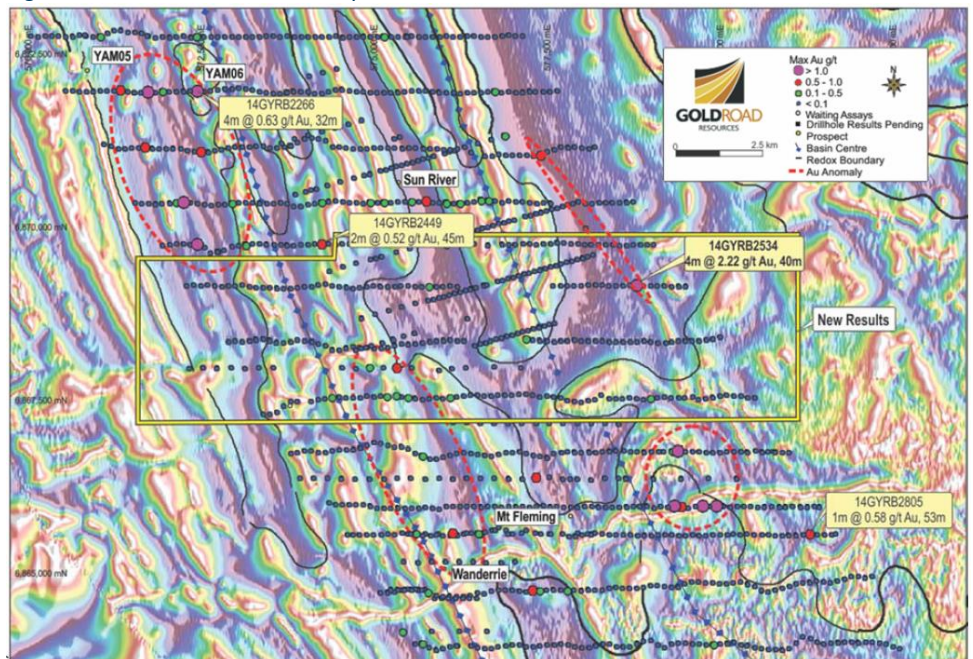
The Company had early success at Sun River – Wanderrie with ore grade intersections returned from shallow, reconnaissance drilling, including:

- 7m @ 9.6g/t from 44m
- 15m @ 1.5g/t from 60m
- 11m @ 1.7g/t from 48m

Wanderrie is showing good early potential...

...with ore grade mineralisation intersected in early reconnaissance drilling...

Figure 2: Sun River – Wanderrie plan view



Source: GOR

...which will be followed up with RC drilling

These hits will be followed up by a 1,000m RC program scheduled in the March Q.

RESEARCH:

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

Philipp Kin | Analyst, Oil & Gas Research
+61 8 9224 6864 pkin@argonaut.com

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

Emily Reilly | Analyst, Industrial Research
+61 8 9224 6809 ereilly@argonaut.com

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

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

INSTITUTIONAL SALES - PERTH:

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

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

Troy Irvin | Director, Institutional Research Sales
+61 8 9224 6871 tirvin@argonaut.com

Bryan Johnson | Director, Institutional Research Sales
+61 8 9224 6834 bjohnson@argonaut.com

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

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

INSTITUTIONAL SALES - HONG KONG:

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

Glen Gordon | Institutional Research Sales
+852 3557 4874 ggordon@argonaut.com

CORPORATE AND PRIVATE CLIENT SALES:

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

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

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

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

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

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

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

Mark Sandford | Dealer, Private Clients
+61 8 9224 6868 msandford@argonaut.com

Important Disclosure

Argonaut acted as Sole Lead Manager & Exclusive Bookrunner to the Placement that raised \$23.3M in September 2014 and received fees commensurate with this service. Argonaut acted as Joint Lead Manager to the Placement that raised \$10M in March 2014 and received fees commensurate with this service. Argonaut currently holds or controls 150,000 GOR shares.

Information Disclosure

Each research analyst of this material certifies that the views expressed in this research material accurately reflect the analyst's personal views about the subject securities and listed corporations. None of the listed corporations reviewed or any third party has provided or agreed to provide any compensation or other benefits in connection with this material to any of the analyst(s).

General Disclosure and Disclaimer

This research has been prepared by Argonaut Securities Pty Limited (ABN 72 108 330 650) ("ASPL") or by Argonaut Securities (Asia) Limited ("ASAL") for the use of the clients of ASPL, ASAL and other related bodies corporate (the "Argonaut Group") and must not be copied, either in whole or in part, or distributed to any other person. If you are not the intended recipient you must not use or disclose the information in this report in any way. ASPL is a holder of an Australian Financial Services License No. 274099 and is a Market Participant of the Australian Stock Exchange Limited. ASAL has a licence (AXO 052) to Deal and Advise in Securities and Advise on Corporate Finance in Hong Kong with its activities regulated by the Securities and Futures Ordinance ("SFO") administered by the Securities and Futures Commission ("SFC") of Hong Kong.

Nothing in this report should be construed as personal financial product advice for the purposes of Section 766B of the Corporations Act 2001 (Cth). This report does not consider any of your objectives, financial situation or needs. The report may contain general financial product advice and you should therefore consider the appropriateness of the advice having regard to your situation. We recommend you obtain financial, legal and taxation advice before making any financial investment decision.

This research is based on information obtained from sources believed to be reliable and ASPL and ASAL have made every effort to ensure the information in this report is accurate, but we do not make any representation or warranty that it is accurate, reliable, complete or up to date. The Argonaut Group accepts no obligation to correct or update the information or the opinions in it. Opinions expressed are subject to change without notice and accurately reflect the analyst(s)' personal views at the time of writing. No member of the Argonaut Group or its respective employees, agents or consultants accepts any liability whatsoever for any direct, indirect, consequential or other loss arising from any use of this research and/or further communication in relation to this research.

Nothing in this research shall be construed as a solicitation to buy or sell any financial product, or to engage in or refrain from engaging in any transaction. The Argonaut Group and/or its associates, including ASPL, ASAL, officers or employees may have interests in the financial products or a relationship with the issuer of the financial products referred to in this report by acting in various roles including as investment banker, underwriter or dealer, holder of principal positions, broker, director or adviser. Further, they may buy or sell those securities as principal or agent, and as such may effect transactions which are not consistent with the recommendations (if any) in this research. The Argonaut Group and/or its associates, including ASPL and ASAL, may receive fees, brokerage or commissions for acting in those capacities and the reader should assume that this is the case.

There are risks involved in securities trading. The price of securities can and does fluctuate, and an individual security may even become valueless. International investors are reminded of the additional risks inherent in international investments, such as currency fluctuations and international stock market or economic conditions, which may adversely affect the value of the investment.

The analyst(s) principally responsible for the preparation of this research may receive compensation based on ASPL's and / or ASAL's overall revenues.

Hong Kong Distribution Disclosure

This material is being distributed in Hong Kong by Argonaut Securities (Asia) Limited which is licensed (AXO 052) and regulated by the Hong Kong Securities and Futures Commission. Further information on any of the securities mentioned in this material may be obtained on request, and for this purpose, persons in the Hong Kong office should be contacted at Argonaut Securities (Asia) Limited of Unit 701, 7/F, Henley Building, 5 Queen's Road Central, Hong Kong, telephone (852) 3557 48000.

Copyright

© 2015. All rights reserved. No part of this document may be reproduced or distributed in any manner without the written permission of Argonaut Securities Pty Limited and / or Argonaut Securities (Asia) Limited. Argonaut Securities Pty Limited and Argonaut Securities (Asia) Limited specifically prohibits the re-distribution of this document, via the internet or otherwise, and accepts no liability whatsoever for the actions of third parties in this respect.