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GOR - Capital Structure

ASX Code	GOR
Shares	456 m.
Options	4 m. mostly @ 7 cts
Share Price	\$ 0.086
Market Cap	\$ 39 m.
Cash (est)	\$ 8 m.

Recommendation: *Gold Road is a speculative buy in a deeply depressed market for gold explorers. The company is on track to deliver a steady stream of exploration results from its Gruyere discovery and other projects during January and February. Gruyere is shaping up as a low grade, +1 moz Resource grading 1.2 to 1.3 g/t Au, but could be in excess of 2 moz.*

Gold Road is a well funded explorer with just over \$8 million in the bank and a further ~\$5 million of funding to come from its JV partner Sumitomo Mining. Sumitomo is earning up to a 50% interest in the southern portion of GOR's large, Yamarna Greenstone Belt project, on the eastern margin of the Yilgarn Craton.

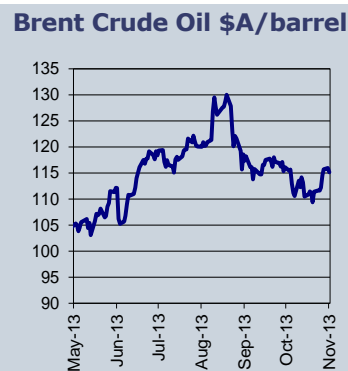
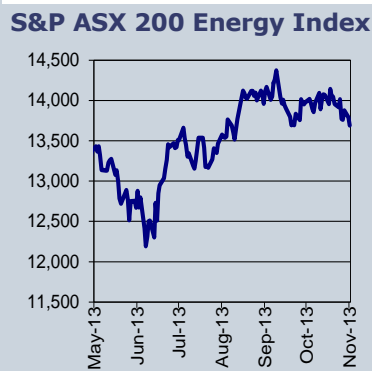
The company has high-graded 5 project areas within its vast project area, based on stratigraphic, geophysical and geochemical regional studies. Its South Dorothy Hills project has revealed the relatively high grade YAM14 supergene deposit in contact with greenstone hosted gold, as well as the promising Gruyere deposit, 9 km to the north.

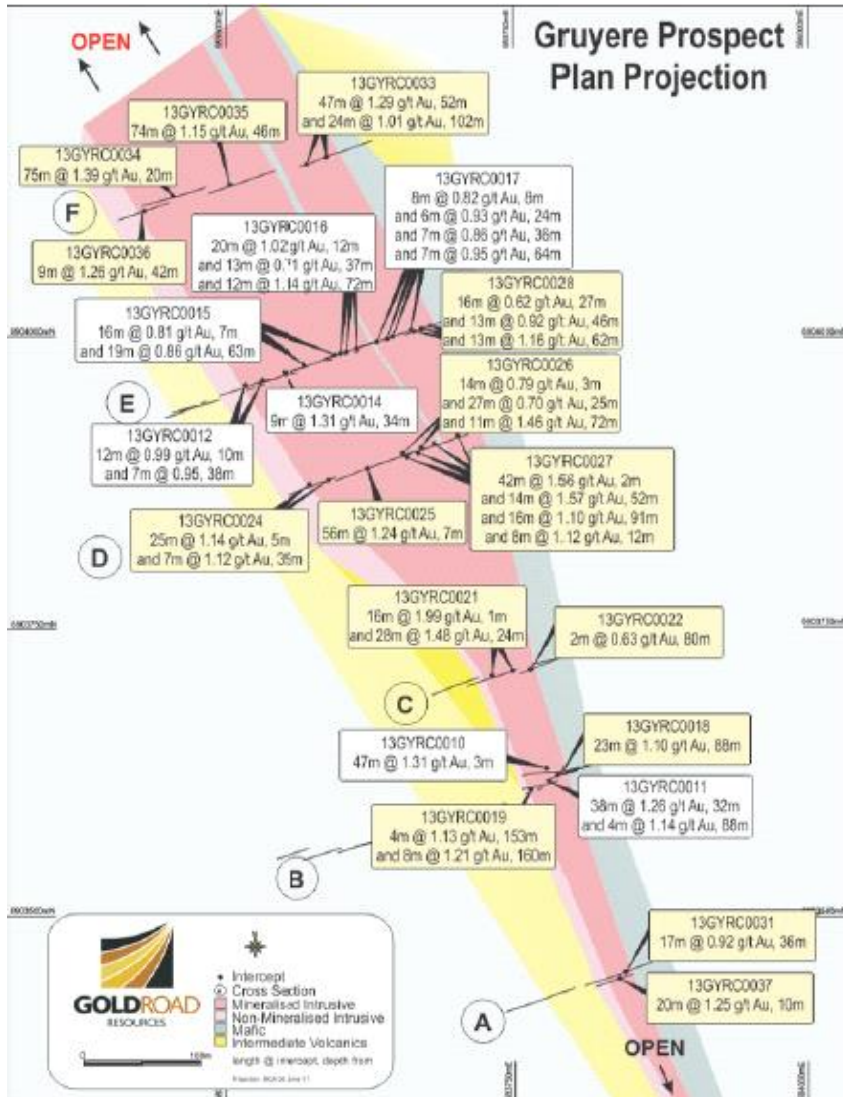
So far, Gruyere has a strike extent of over 800 metres and tapers down from 180 metres in width in the north to about 30 metres in the south, but is open in both directions and a depth below 100 metres. Drilling shows consistent grades of over 1 g/t across wide zones that should average about 1.2 g/t gold.

StockAnalysis thinks that by March '14, the company should be able to announce a Resource containing about 1 million ounces. If extension drilling planned for December '13 extends mineralisation north, then a target of 1.5 moz is likely to a depth of just 150 metres and 2 moz will not be far behind if deeper drilling proves lateral extensions along strike.

(Continued on page 2)

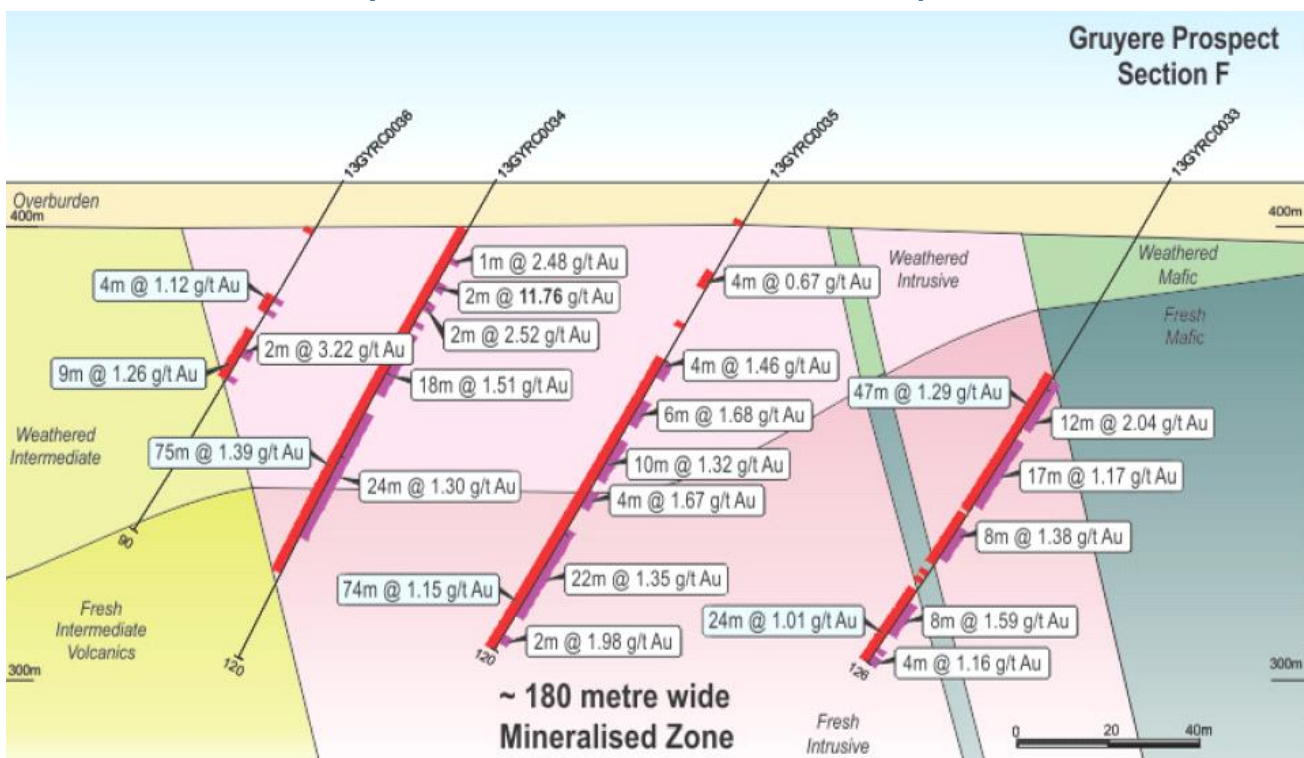
Indices and Prices	
All Ordinaries	5,347.80
Energy Index	13,692.40
Brent AU\$/bbl	115.15
AUS\$/US\$	0.9421
As at Close November 19 th , 2013	





Source: Gold Road

Gruyere Cross Section at North of Known Deposit



Source: Gold Road

Gold Road's existing Resources occur in several deposits that amount to 1.26 moz at a grade of 1.5 g/t, including 201,100 ounces grading 7.7 g/t at the Central Bore deposit. Prior to announcing the Gruyere discovery, Gold Road was trading with a market capitalisation of about \$21 million, or just \$17 per oz of gold in JORC Resources. With a prospective Resource lift of at least 1 moz likely by March and a further 1 moz in target if drilling continues to show northerly extension of the 180 m wide mineralised zone, the stock is likely to see a substantial re-rating.

Gruyere shows signs of being a very low cost operation, even with its low grade. A low waste to ore ratio for open pit mining of less than 1:1 and simple metallurgy should keep operating costs low and enable Gold Road to emulate Regis, which achieves very low costs from low grade deposits around 1 g/t Au.

Applying its previous market capitalisation rating to a projected 2.3 moz of gold in Resource implies a target market capitalisation of around the current price of \$39 million, however unlike its existing Resources, which don't contain much in the way of a Reserve, the Gruyere deposit looks like having a very high conversion ratio or Resource to Reserve if the gold price remains above A\$1,350/oz.

Applying the current poor market rating of around \$31 per ounce of gold in Resource, the addition of 1 moz of gold in one, compact deposit should boost the company's share price towards 15 cents per share.

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