

GRUYERE PRE-FEASIBILITY STUDY CONFIRMS LONG LIFE GOLD MINE

3.2 Moz Maiden Ore Reserve

Highlights

- Pre-Feasibility Study confirms the Gruyere Project as one of Australia's best undeveloped gold deposits
- PFS findings indicate a technically sound and financially viable project generating in excess of **A\$1 billion in undiscounted free cash flow (pre-tax) over an initial 12-year Project life**
- Development to be based on a single large open-pit mine and conventional SAG/Ball Mill Circuit, gravity/carbon-in-leach plant with throughput of 7.5 Mtpa of fresh ore and up to 8.8 Mtpa of oxide ore
- Maiden Ore Reserve of **3.17 million ounces¹**, supporting **average annual gold production of 265,000 ounces** over life-of-mine
- Total forecast capital cost of **A\$455M²**, including A\$35M contingency (**US\$335M** and **US\$26M³** respectively)
- Estimated **average all-in sustaining cost (AISC) of A\$960 (US\$700⁴) per ounce** over life-of-mine (LOM) with a payback of less than one third of LOM
- Gruyere Open Pit averages more than 9,000 Reserve ounces per vertical metre to a final depth of 340 metres
- Near surface gold mineralisation provides early gold production and cash flow
- Board approves Pre-Feasibility Study with immediate progression to Feasibility Study

Gold Road Resources Limited (**Gold Road** or the **Company**) is pleased to announce the completion of the Pre-Feasibility Study (**PFS**) for the development of its 5.62 million ounce⁵ (**Moz**) Gruyere Project (the **Project**), located 200 kilometres east of Laverton in Western Australia.

The completion of the PFS included detailed economic analysis and further technical work building on the findings of the first stage Options Study⁶ which determined that the best go-forward case was a large-scale open-pit mine utilising a conventional 7.5 Mtpa SAG/Ball Mill Circuit (**SABC**) gravity/carbon-in-leach (**CIL**) processing facility, powered by a pipeline-supplied, gas-fired power generation plant.

ASX Code GOR

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¹ See Appendix 3: JORC Code 2012 Table 1 page 28

² Capital cost estimate is as at Q3 2015, and accuracy level is -15% to +25%

³ Exchange rate A\$1.00:US\$0.73

⁴ Exchange rate A\$1.00:US\$0.73

⁵ Gruyere Resource Increases to 5.62 Million Ounces (ASX announcement dated 16 September 2015)

⁶ Gruyere PFS – Stage 1 Completed (ASX announcement dated 3 August 2015)

The full PFS confirms the Project as one of Australia's best undeveloped gold deposits and indicates a technically sound and financially viable project generating over A\$1 billion in free cash flow (pre-tax) over an initial 12-year project life. The total forecast capital cost is estimated to be A\$455M⁷, which includes a Project contingency of A\$35M. The PFS produced a Whittle-optimised open pit shell and Ore Reserve modelled at A\$1,400/oz. All financial analysis was undertaken using a A\$1,500/oz gold price, representing the five-year historic average.

As a key outcome of the positive completion of the PFS, the Company has declared a Maiden Ore Reserve for Gruyere of 3.17 Moz⁸, which supports an average annual gold production of 265,000 ounces over the LOM. Production at this rate would elevate Gold Road into the ranks of Australia's mid-tier gold producers.

Based on the positive PFS outcome, the Gold Road Board has approved the immediate progression to a Feasibility Study (FS) on the Project to further define and support the case for project funding and development.

The PFS was compiled with the assistance of a number of independent, reputable Western Australian-based engineering companies as well as other industry experts and Gold Road personnel.

Commentary

Gold Road's Executive Chairman, Ian Murray said: *"Following the detailed work undertaken last year in the Options Study that determined the best development case for the Gruyere Project, the PFS has now confirmed the Project's robust economics and technical simplicity.*

While the PFS suggests a substantial 12-year project life, the demonstrated exploration potential of Gruyere and the surrounding Yamarna region means there is significant potential to extend the life beyond that initial term. None of this potential upside has been included in the scope of the PFS.

We are now aiming to complete the FS on Gruyere by the end of 2016 which will allow Gold Road to make an investment decision in early 2017. Opportunities to optimise and enhance the financial performance of the Project will be thoroughly assessed during this feasibility stage.

We would like to thank the Yilka people for their support in the work we have undertaken on-country. We look forward to progressing the Gruyere Project in a manner that cares for country and creates an enduring benefit for all involved."

PRE-FEASIBILITY STUDY PARAMETERS – CAUTIONARY STATEMENT

The PFS referred to in this announcement is based on a Proved and Probable Ore Reserve derived from Measured and Indicated Resources respectively. No Inferred Resource material has been included in the estimation of Reserves. The Company advises that Proved and Probable Ore Reserve provides more than 99% of the total tonnage and more than 99% of the total gold metal underpinning the forecast production target and financial projections. The additional life-of-mine plan material derived from non-Ore Reserve material comprises less than 1% of the total tonnage and less than 1% of the total gold metal and is material classified as Measured and Indicated Mineral Resource. There is no dependence of the outcomes of the PFS and the guidance provided in this announcement on the non-Ore Reserve material. No Inferred Mineral Resource material is included in the life of mine plan (refer Appendix 1: Forward Looking and Cautionary Statements).

Unless otherwise stated, all cash flows are in Australian dollars, are undiscounted and are not subject to inflation/escalation factors, and all years are calendar years. The PFS has been prepared to an overall level of accuracy of approximately -15% to +25%.

The Company has concluded that it has a reasonable basis for providing forward looking statements included in this announcement. The detailed reasons for this conclusion are outlined throughout this announcement and in particular in Appendix 1: Forward Looking and Cautionary Statements.

⁷ Capital cost estimate is as at Q3 2015, and accuracy level is -15% to +25%

⁸ See Appendix 3: JORC Code 2012 Table 1 page 28

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Introduction

The Gruyere Project is located within the Yamarna Greenstone Belt, approximately 200 kilometres east of Laverton in Western Australia. The Project can be accessed by road, via the Great Central Road, and by air (Figure 1). Gold Road holds an exploration tenement package of approximately 5,000 square kilometres in area, of which approximately 2,900 square kilometres is covered by a JV agreement with Sumitomo Metal Mining Oceania Pty Ltd, (a subsidiary of Sumitomo Metal Mining Co., Limited), which has earned a 30% interest in the JV tenement holdings and has the ability to earn up to 50% (Figure 9).

The Gruyere Deposit is situated on granted exploration licence E38/2362 (Mining Lease Application M38/1267) which is 100% owned by Gold Road. Gold Road also owns the Yamarna Pastoral Lease within which the Gruyere Mining Lease Application is located.

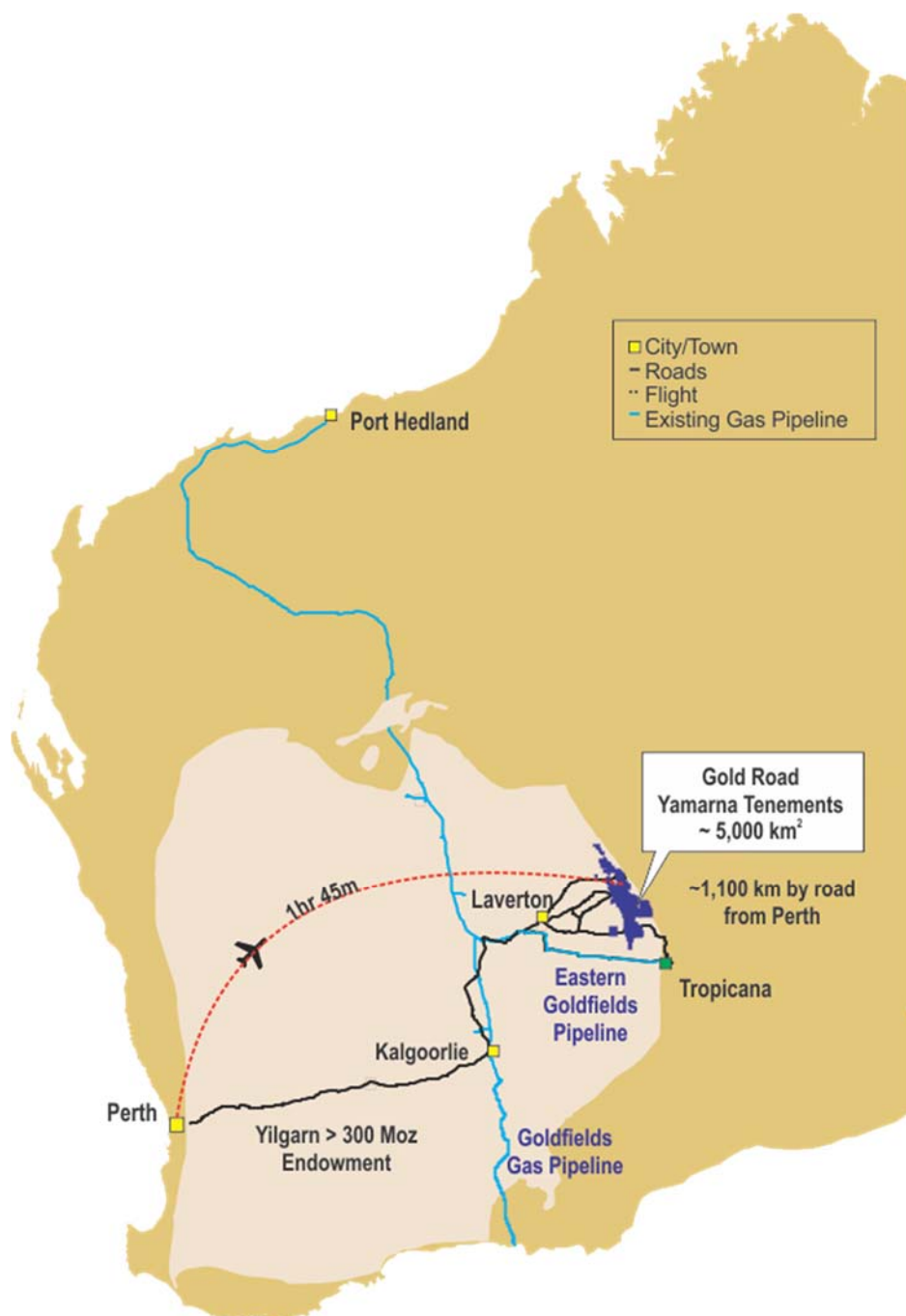


Figure 1: Location of Gold Road tenements relative to major cities, towns and relevant infrastructure within the Yilgarn Craton.

Study Parameters

The PFS is based on the following key parameters:

- September 2015 JORC Code 2012 compliant Gruyere Mineral Resource update of 128.4 Mt at 1.36 g/t Au, which equates to 5.62 Moz of gold at a cut-off grade of 0.7 g/t and constrained within a A\$1,600/oz optimised pit shell⁹
- Open-pit earthmoving mining operations conducted by contractors
- Processing plant and infrastructure built under Engineering, Procurement and Construction (**EPC**) contracts and Owner operated/managed
- Power supply under a Build-Own-Operate (**BOO**) contract for a gas-fired power generation plant with the fuel supplied by gas pipeline
- Management of project implementation by the Gold Road Owner's Team (**Owner's Team**).

Study Team

The PFS commenced in February 2015 and was managed by the Owner's Team. Contributing consultants were as follows:

- GR Engineering Services Limited (**GRES**) - Process plant and associated infrastructure, and assistance with the compilation of the PFS Report
- Orway Minerals Consultants - Comminution circuit option study
- AMC Consultants (**AMC**) - Mine planning and optimisation, Ore Reserve Statement and peer review of mine geotechnical engineering
- DumpSolver - Waste dump optimisation and Integrated Waste Landform studies
- Dempers and Seymour - Geotechnical engineering
- Optiro Mining Consultants - Third party review of Mineral Resource
- Axiom Project Services (**Axiom**) - Third party review of capital cost estimates
- MACA Limited – Mining contract rates
- MBS Environmental - Environmental surveys and preparation of the environmental approval documents
- Pennington Scott - Hydrology and Hydrogeology
- KPMG - Operational Readiness
- PCF Capital (**PCF**) - Financial modelling
- Coffey Mining - Tailings Storage Facility
- TP Weston - Metallurgical testwork/ studies
- Townend Mineralogy Laboratory - Mineralogy testwork
- ALS Laboratories - Metallurgical testwork
- SGS Lakefield OreTest Pty Ltd - High pressure grinding rolls testwork
- GPX Surveys - Airborne time domain electromagnetic survey
- Aquatech - Water bore drilling
- Wayne Trumble - Power supply option study

⁹ Gruyere Resource Increases to 5.62 Million Ounces (ASX announcement dated 16 September 2015)

Key Outcomes of the Pre-Feasibility Study

Key PFS Outcomes for the Project, by comparison with previous studies, are included in Table 1. The estimated Ore Reserve, which constitutes more than 99% of the production target, has been prepared by competent persons in accordance with JORC Code 2012¹⁰.

Table 1: Summary of PFS Key Outcomes (compared with the Options Study from 3 August 2015 and Scoping Study from 27 January 2015)

| | Pre-Feasibility Study 7.5 – 8.8 Mtpa ¹¹ | Pre-Feasibility Stage 1 Options Study 7.5 Mtpa ¹² | Scoping Study Base Case 5 Mtpa ¹³ |
|---|---|--|--|
| Project Life (years) | 12 | 10 – 15 | 11 |
| Stripping Ratio (waste:ore) (including pre-strip) | 3.0:1 | 1.9 – 2.7:1 | 1.6:1 |
| Stripping Ratio (waste:ore) (excluding pre-strip) | 2.9:1 | 1.7 – 2.5:1 | 1.4:1 |
| Final Pit Depth (m) | 340 | 365 - 520 | 280 |
| Gold Recovered (Moz) | 2.9 | 2.5 – 3.7 | 2.1 |
| Annual Gold Production (average koz pa) | 265 | 250 | 190 |
| Grind Size P ₈₀ (µm) | 125 | 106 - 150 | 106 |
| Metallurgical Recovery (%) | 91 - 93 | 89 - 93 | 95 |
| Capital Cost (A\$M) | 455 – 470* | - | 360 |
| Mining Cost (A\$/tonne ore) | 13.70** | - | 11.50 |
| Processing Cost (A\$/tonne ore) | 15.90 | - | 19.90 |

Notes:

* This includes A\$15M for potential cost escalation to 2018. The capital cost estimate accuracy is -15% /+25%.

** The mining cost at surface is ~A\$3.10/t mined. The average mining cost increases by ~A\$0.05/t per 10m bench over LOM. The LOM average mining operating cost is ~A\$3.40/t mined.

The PFS tonnage throughput range of 7.5 – 8.8 Mtpa reflects the variation in weathering of process plant feed material from the open pit. Oxide and transitional material mined in the early years of LOM will be processed at the higher rates. Fresh material, which represents more than 80% of material mined, will be processed at an annualised rate of 7.5 Mtpa. Key differences between the Scoping Study base case and PFS reflect a higher throughput operation, a deeper open pit resulting in a slightly higher stripping ratio and a significant increase in gold recovered combined with a slightly higher grind size.

The gold price used to calculate the Mineral Resource estimate was A\$1,600/oz, while A\$1,400/oz was used to calculate the Ore Reserve estimate. The financial modeling gold price was set at A\$1,500/oz.

More than 99% of the material to be processed is classified as Proved and Probable Ore Reserve, while less than 1% of the material to be processed is classified as Measured and Indicated Resource which was not classified as Ore Reserve. No material to be processed is currently classified as Inferred Mineral Resource. No material classified as Inferred Mineral Resource is included in the Ore Reserves Estimate.

¹⁰ See Appendix 3: JORC Code 2012 Table 1 page 28

¹¹ See Appendix 1: Forward-Looking and Cautionary Statements on page 24

¹² Gruyere PFS Stage 1 Completed (ASX announcement dated 3 August 2015)

¹³ Gruyere Scoping Study (ASX announcement dated 27 January 2015)

Mineral Resource

The JORC Code 2012 Mineral Resource estimate for Gruyere¹⁴ is summarised in Table 2 below with 73% (4.12 Moz) of the Resource in Measured and Indicated categories.

The Resource estimate is constrained within an optimised pit shell to determine the portion of the total mineralised inventory within the geological model that has a reasonable prospect of eventual economic extraction. The optimisation utilised mining, geotechnical and processing parameters derived from the PFS Options Study and a A\$1,600/oz gold price (US\$1,200 at US\$0.75:A\$1.00) pit shell.

Table 2: JORC Code 2012 Mineral Resource for Gruyere Project - September 2015

| Gruyere Project Mineral Resource Classification | Tonnes (Mt) | Grade (g/t Au) | Contained Metal (Moz Au) |
|---|---------------|----------------|--------------------------|
| Measured | 1.58 | 1.41 | 0.07 |
| Indicated | 93.48 | 1.35 | 4.05 |
| Measured and Indicated | 95.07 | 1.35 | 4.12 |
| Inferred | 33.31 | 1.40 | 1.49 |
| Gruyere Mineral Resource (0.7 g/t cut-off grade) | 128.38 | 1.36 | 5.62 |

Notes:

1. Mineral Resource conforms with and uses JORC Code 2012 definitions
2. Mineral Resource is estimated using a cut-off of 0.7 g/t
3. Resource constrained with A\$1,600/oz optimised pit shell (US\$1,200/oz and US\$0.75:A\$1.00)
4. All figures are rounded to reflect appropriate levels of confidence. Apparent differences may occur due to rounding.

Mining

A mining contractor will conduct the mining activities with technical and managerial direction provided by Gold Road. The mine is planned to be an open pit operation incorporating drill and blast, load and haul, and ore and waste management.

The Gruyere open pit is designed to be mined in four stages. Stages 1 and 2 comprise of two independent north and south starter pits. Stage 3 combines the two starter pits and Stage 4 consists of a cut back to be mined to the final pit design.

The mining schedule adopts the following key parameters and assumptions:

- The total material movement per quarter is scheduled with a peak quarterly movement of 9 Mt (Figure 2)
- The mining schedule is constrained by setting a maximum vertical advance rate of 10 benches (50 metres) per annum to allow sufficient time for drill and blast, load and haul, dewatering and grade control
- Stages 3 and 4 are split into north and south to allow a lag in bench advance between the northern and southern sections
- The maximum vertical lag between benches is set at 20 metres
- The production schedule assumes variable process throughput rates ranging from 8.8 Mtpa for softer weathered ores to 7.5 Mtpa for fresh ore and varying comminution grind sizes
- The maximum process plant throughput rate is set at 2.2 Mt per quarter for a 100% oxide plant feed blend, which is equivalent to 8.8 Mtpa
- The optimum grind size is determined by the scheduling software in consideration of net block values.

¹⁴ Gruyere Resource Increases to 5.62 Million Ounces (ASX announcement dated 16 September 2015)

Initial mine development and pre-stripping activities are scheduled to provide sufficient material required to construct the Tailings Storage Facility (TSF) as an integral part of an Integrated Waste Landform (IWL), site roads and Run-of-Mine (ROM) pad.

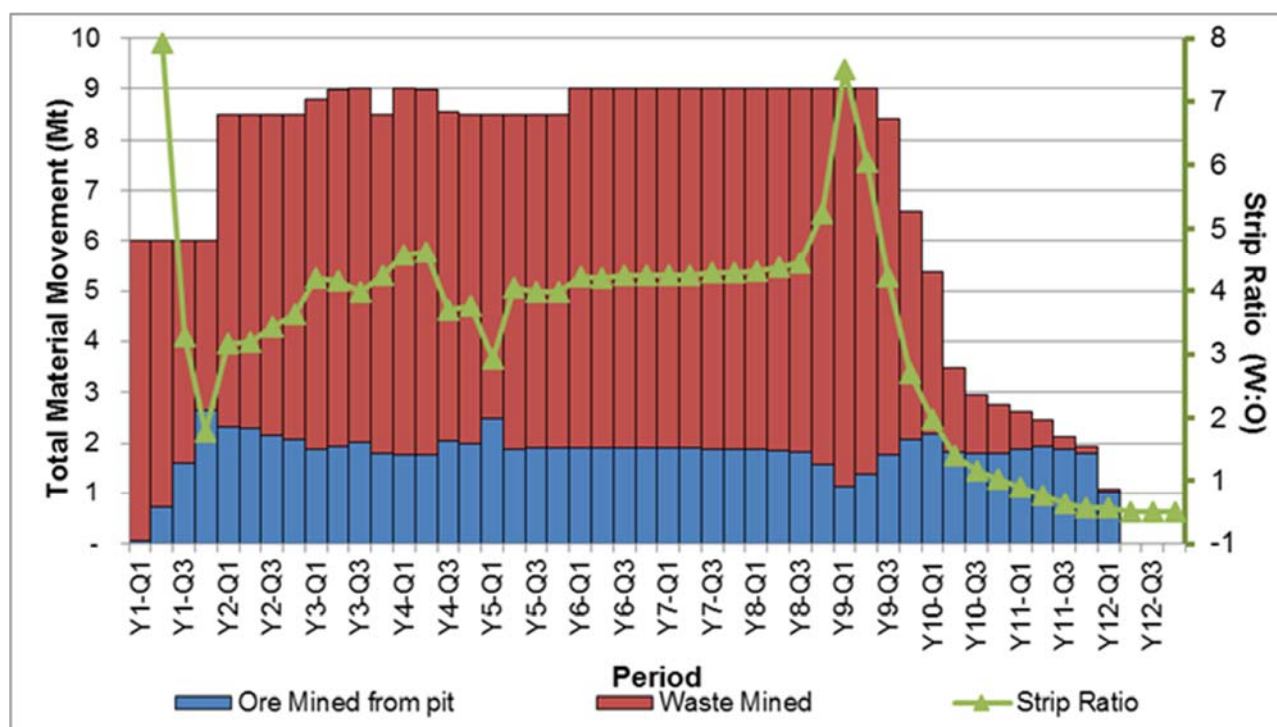


Figure 2: Total Material Movement by Period

Pit Slope Angles

Table 3 summarises average overall slope angles by pit stage and wall. The slope angles are measured on a single representative cross-section.

Table 3: Average pit slope angles by pit stage and wall

| Pit Stage | West Wall Angle | East Wall Angle |
|-----------------------------------|-----------------|-----------------|
| 1 (South Pit) | 40° | 40° |
| 2 (North Pit) | 35° | 33° |
| 3 (South and North Pits combined) | 48° | 42° |
| 4 (South and North Pits combined) | 40° | 40° |

In general, the overall slope is steeper for the south pit relative to the north pit due to the deeper weathering in the north. Slope angles steepen as the pit deepens into Stage 3 due to a transition into more competent rock. Slope angles flatten out into Stage 4 as the pit depth (>160m) triggers the requirement for a geotechnical berm.

Ore Reserve¹⁵

Gold Road engaged AMC to undertake the mining engineering study for the PFS. Set out below is a summary of the key information material to understanding the reported Ore Reserve, full details of which are set out in Appendix 3.

Overview of the Ore Reserve

The Ore Reserve for the Project is reported according to the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves, JORC Code 2012. The Mineral Resource was converted to Ore Reserve in consideration of the level of confidence in the Mineral Resource estimate and reflecting modifying factors. Mineral Resource estimates are reported inclusive of those Mineral Resources converted to Ore Reserves. The Proved Ore Reserve estimate is based on Mineral Resource classified as Measured. The Probable Ore Reserve estimate is based on Mineral Resource classified as Indicated. Table 4 presents a summary of the Ore Reserves on a 100% Project basis at a A\$1,400/oz gold price (US\$1,022 at US\$0.73:A\$1.00).

Table 4: Ore Reserves Statement

| Ore Reserve Category | Tonnes (Mt) | Grade (g/t) | Contained Gold (Moz) |
|--------------------------|-------------|-------------|----------------------|
| Proved | 1.6 | 1.32 | 0.07 |
| Probable | 79.6 | 1.21 | 3.11 |
| Total Ore Reserve | 81.1 | 1.22 | 3.17 |

Notes:

1. The Ore Reserve conforms with and uses JORC Code 2012 definitions
2. The Ore Reserve is evaluated using a gold price of A\$1,400/oz (US\$1,022/oz and US\$0.73:A\$1.00)
3. The Ore Reserve is evaluated using an average cut-off grade of 0.5 g/t
4. Ore block dilution averages 4.3%, Ore block ore loss is estimated at 3.4%
5. All figures are rounded to reflect appropriate levels of confidence. Apparent differences may occur due to rounding

There are a number of modifying factors that have been considered in modelling the mining process including:

- Ore dilution and losses resulting from blasting
- Potential for inaccurate mining leading to dilution of ore at ore/waste contacts
- Ore mixing on contacts between pit stages
- Pit floor management
- Potential for truck dispatch errors
- Ore rehandle
- ROM stockpile practices

¹⁵ See Appendix 3: JORC Code 2012 Table 1 page 28

Ore Processing and Production¹⁶

The processing plant will be designed to process ore throughputs of 7.5 Mtpa of fresh ore, 8.0 Mtpa of transitional ore and up to 8.8 Mtpa of oxide and blended ore (Figure 3). The plant will be designed to operate seven days per week at a nominal treatment rate of 938 dry tonnes per hour for fresh ore.

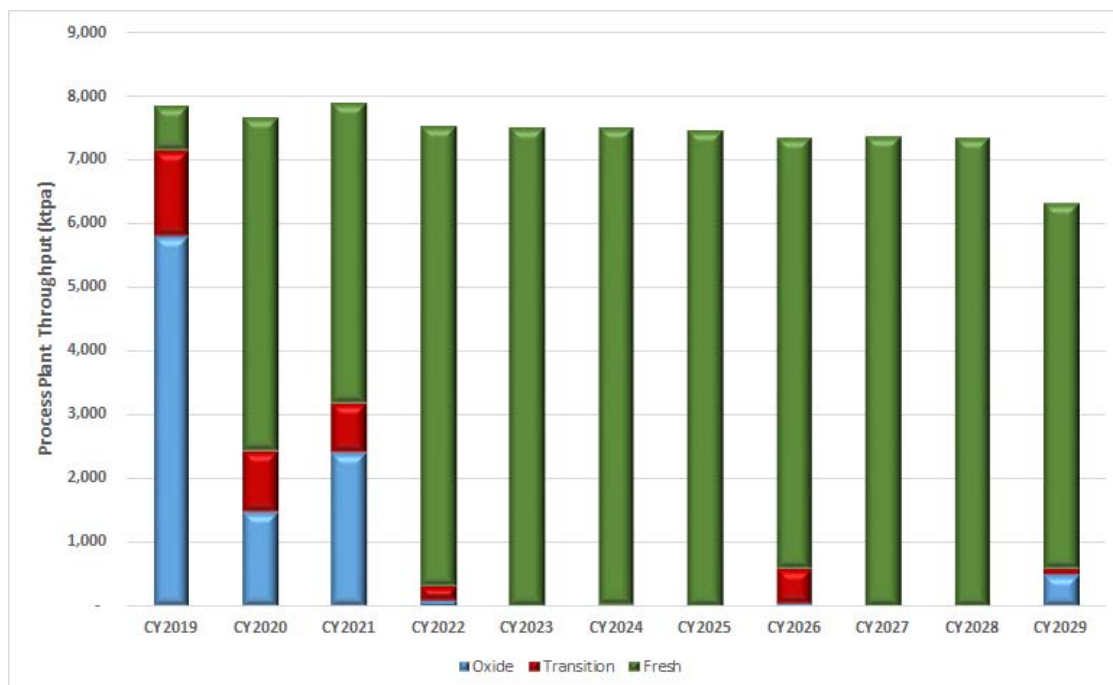


Figure 3: Annual Processing Plant Throughput by Material Type

Estimated average gold recoveries for the oxide, transitional and fresh ores at the target grind size of 125 µm are 93%, 92% and 91% respectively. Average LOM annual gold production based on a nominal head grade of 1.21 g/t is approximately 265,000 ounces. Annual gold production estimates and grade of ore processed are shown in Figure 4.

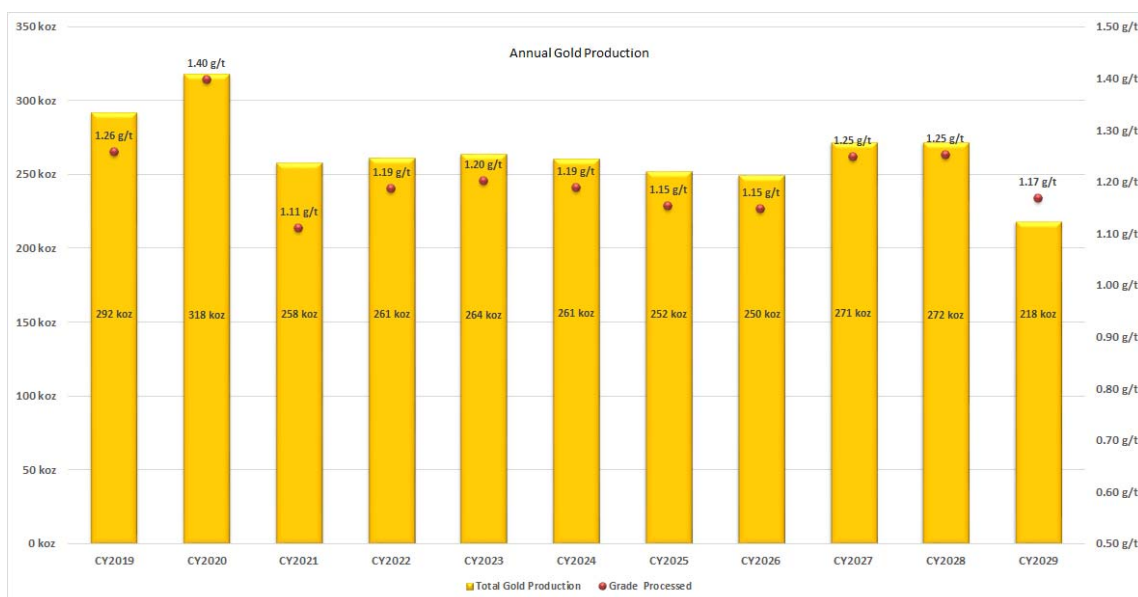


Figure 4: Annual Gold Production and Grade of Ore Processed

¹⁶ See Appendix 1 “Forward-Looking and Cautionary Statements” on page 24

The processing plant design is based on well proven processing technology following a processing route of:

- Primary crushing by a gyratory crusher to product size P_{80} of 135mm
- Grinding in a SABC circuit to a product size P_{80} of 125 μm for fresh material and coarser for oxide and transitional material
- Treatment of a portion of the grinding circuit cyclone underflow by centrifugal gravity concentration, followed by batch intensive leaching of the gravity concentrate and electrowinning of the resulting pregnant solution
- Thickening, in a high rate thickener, of the grinding circuit cyclone overflow to 50% solids by weight prior to treatment in a hybrid CIL circuit
- Acid washing and split elution of the resulting loaded carbon and thermal regeneration of the barren carbon prior to its return to the CIL circuit
- Smelting of cathode sludge from electrowinning to produce a final product of gold doré
- Tailings thickening in a high rate thickener to 60% solids by weight prior to disposal of the tailings into the TSF located within an IWL.

The processing plant layout reflects the sequential nature of the processing operations, with ROM ore received at one end of the facility, gold doré bars produced in the gold room and tailings disposal at the TSF. Figure 5 indicates the proposed process flowsheet.

Raw and process water will be sourced from remote borefields and transferred via a system of overland pipelines and transfer pumps. All pipelines will be located within bunds or buried to provide secondary containment of the saline water. At strategic points the pipelines will be provided with scour pits to permit the draining of the pipelines for maintenance purposes.

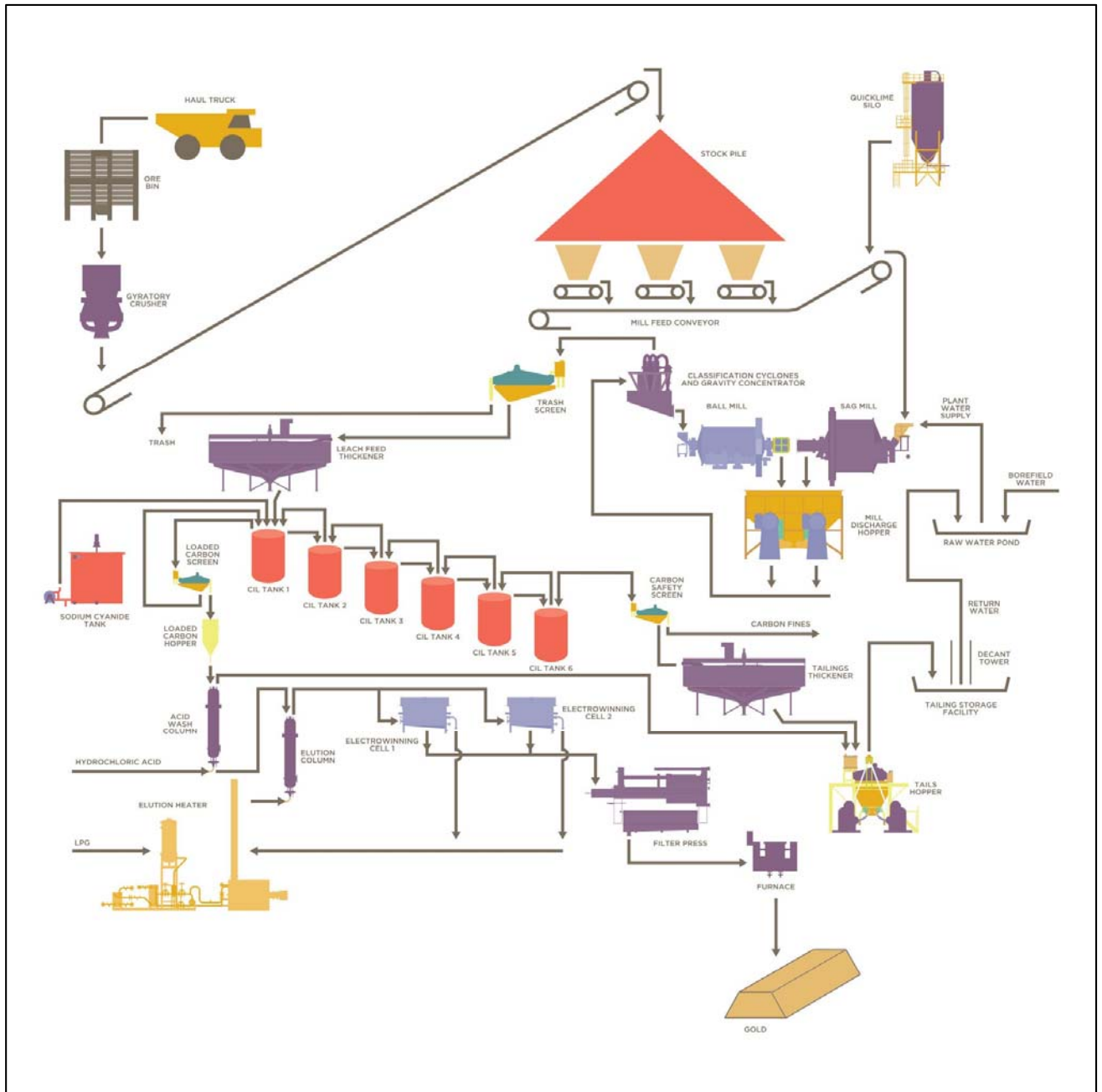


Figure 5: Process flowsheet

Infrastructure, Transport and Services

Water Supply

The Yeo Borefield, approximately 25 kilometres west of the plant will consist of 32 water bores (23 operating at any one time and nine on standby for rotation into operation to maximise efficiency and to minimise impact of drawdown on the aquifer) providing 7.5 GL per annum of moderate to high salinity raw water to the processing plant for use as process water. The water quality is estimated to be in the range of 25,000 mg/L to 50,000 mg/L total dissolved solids. In addition to the planned Yeo Borefield, a 35 kilometre long section of palaeochannel immediately upstream of the Yeo Borefield has been identified for possible future borefield expansion.

The Anne Beadell Borefield, approximately 21 kilometres south-east of the plant site will consist of six water bores (four operating at any one time and two on standby) providing brackish raw water to feed a Reverse Osmosis (RO) plant. This low salinity water will be processed at 1,100 m³ per day through the RO plant, producing 700 m³ per day of fresh water to satisfy the process facility requirements for potable, safety shower and fresh water. The high-saline by-product from the RO plant will be directed into the process plant water circuit.

Ten of the planned 32 production bores in the Yeo Borefield, and one of the planned six bores in the Anne Beadell Borefield were constructed during the PFS. A further 13 bores are currently being constructed in the Yeo Borefield, and two in the Anne Beadell Borefield as part of the FS. The remaining 12 palaeochannel production bores will be constructed during the construction phase.

Power Supply

During Gruyere PFS Stage 1¹⁷ power supply sources were analysed and the risks for each option considered given, plant throughput, comminution circuit configuration, grind size, and the resulting energy needs. The power Options Study included diesel, gas pipeline and gas storage. Based primarily on cost, schedule, reliability and risk of supply, the Study recommended the 40 MW gas-fired power generation plant with fuel delivered by a gas lateral pipeline from the Eastern Goldfields Pipeline (Figure 1). The power plant will have standby dual fuel power generation capability. The Project schedule was developed based on ensuring power availability prior to commencement of pre-commissioning activities. Renewable energy options will be further evaluated in parallel during the FS to investigate any potential economic improvements.

Power will be generated at 11 kV and will be distributed to the various plant areas including warehouse, workshops, accommodation village, airstrip, administration and TSF. The Yeo Borefield will also be fed directly from the power station via 22 kV overhead powerlines.

Tailings Storage Facility

The TSF design is based on the outcomes of the Options Study¹⁸ which adopted the following design parameters and assumptions:

- Average production rate 7.5 Mtpa
- Total ore production range 76 to 112 Mt over the LOM
- Process CIL with tailings to TSF at a slurry density of 60% solids
- Tailings P₈₀ of 125 µm
- Tailings dry density of 1.5 t/m³
- Tailings beach slope 1:200 (Vertical : Horizontal)

¹⁷ Gruyere PFS – Stage 1 Completed (ASX announcement dated 3 August 2015)

¹⁸ Gruyere PFS – Stage 1 Completed (ASX announcement dated 3 August 2015)

The TSF Options Study considered three design configurations:

- Paddock Storage Facility (three cells)
- Integrated Waste Landform (IWL)
- Central Thickened Discharge.

An IWL was selected as the preferred design configuration for the Project. IWL is a generic term for development of a TSF within a waste dump. The waste is placed within the dump using traditional dump construction techniques (*i.e.* paddock dumping and dozer spreading) and a compacted zone is constructed within the waste dump annulus forming the TSF.

The development of the IWL will be in stages to suit tailings and mine waste production. The waste dump construction will be part of mining activities and will keep pace with rising tailings level. Pre-stripping will produce approximately 12 million tonnes of predominantly cover and saprolite material over a six to nine month period prior to production commencement.

Two locations were considered for construction of the IWL - either on the eastern or western side of the pit. The western side was discounted following site investigation identifying the presence of large sand dunes which would result in permeable foundations and higher site preparation and earthworks costs.

The proposed processing plant site is approximately one kilometre from the pit, and the proposed IWL immediately north of the plant site and east of the pit. The proposed plant and IWL are both located outside the A\$2,500/oz gold price pit rim failure zone (Figure 6). Assessment of the Project layout is ongoing and the final location of the IWL site may be adjusted in the FS.

Infrastructure

Road access to the site will be from Laverton along the Great Central Road, the Mt Shenton - Yamarna Road and then east towards the processing plant site via a new section of the main site access road. Road access will require regular maintenance to retain a trafficable surface during the construction period. Borrow sites and other suitable materials for the road works have been identified.

A 24-hour CASA compliant aerodrome including a 2.1 kilometre long airstrip with bitumen seal, terminal and fuel facility to suit a 100 seat aircraft will be built approximately 1.5 kilometres south of the accommodation village. The aerodrome will be built as part of the early works during the construction phase to minimise the reliance on road transport for personnel access to and from the Project.

An accommodation village, containing both the temporary and permanent facilities, will be constructed approximately three kilometres south-west of the processing plant and sited within a well-drained, elevated area 400 metres by 350 metres. The earthworks will be a balanced cut to fill with disturbance of vegetation kept to a minimum.

A 200-room temporary construction village will be required immediately after the Project approval date to ensure sufficient rooms are available for accommodation of early works personnel. The temporary village will be hired for a period of 18 months and partially demobilised upon completion of construction.

A 300-person permanent accommodation village will be constructed at the site. To ensure sufficient rooms are available during the early phases of the Project, installation of the permanent village will commence two months after the installation of the temporary facilities. The installation of both villages will be completed four months from the start date.

An additional 20 self-contained accommodation rooms will be installed at the existing exploration camp prior to the Project commencement date. These rooms will provide accommodation for the workforce required to mobilise to site early in the construction program, prior to the availability of the temporary village.

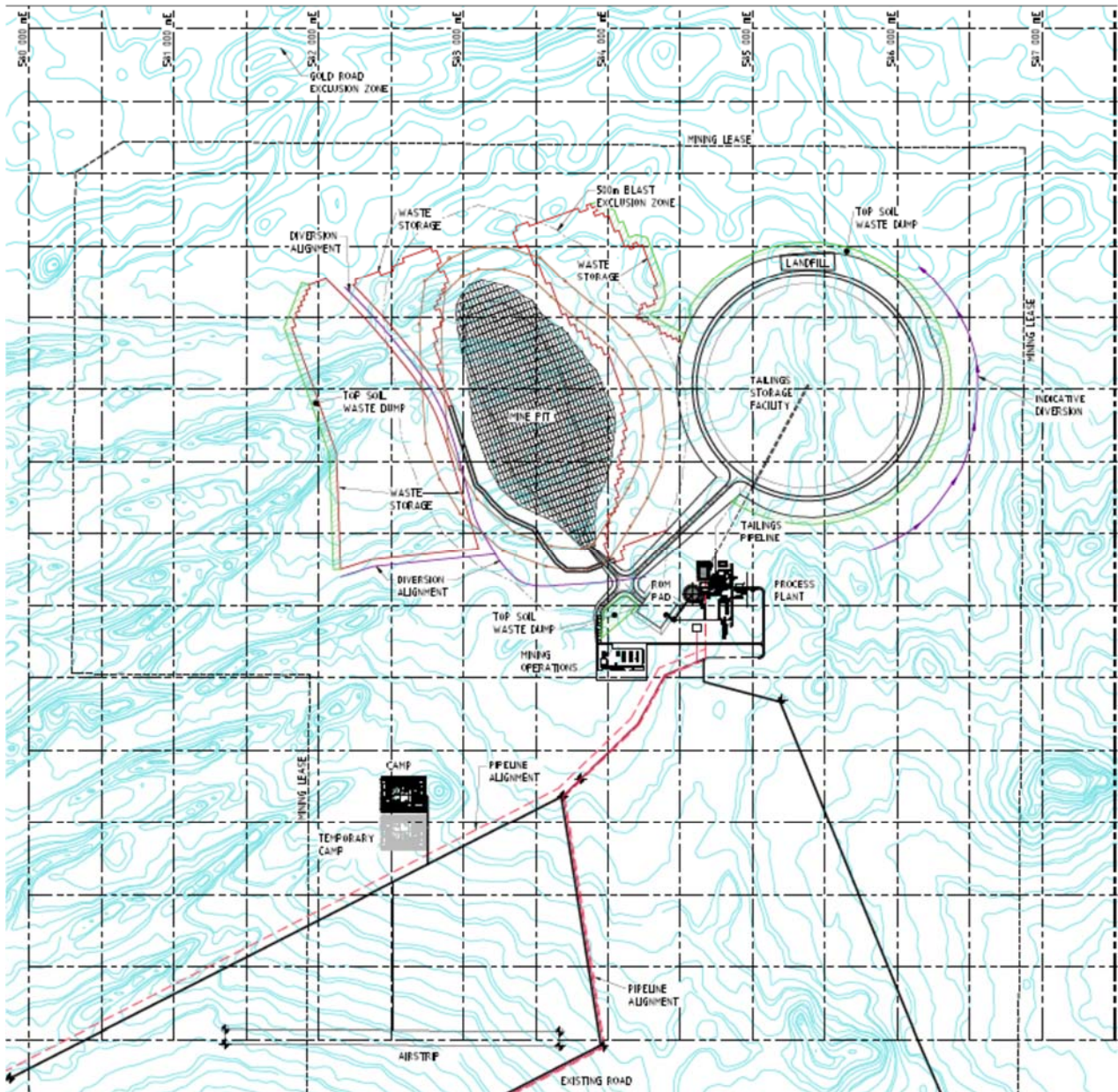


Figure 6: Site Layout

Capital Expenditure¹⁹

The capital cost estimate of A\$455M²⁰ represents costs for the overall Project development as at Q3 2015. The estimate includes direct costs for the open pit mine development, process plant and the non-process infrastructure, and indirect costs associated with the EPC contractors, Owner's Team, consultants, operational readiness and pre-production operations. An amount of A\$35M has been included as Project contingency. The capital costs associated with the gas-fired power plant and gas delivery pipeline are not included in the estimate as these will be covered under BOO contracts and have been accounted for in the power unit cost used in the operating cost estimates.

The capital cost estimate has been developed with inputs from GRES, AMC and the Owner's Team. Axiom were engaged to assist the Owner's Team in the assembly and consolidation of the costs into a single capital estimate database. Axiom also carried out the independent third party peer review of the estimate. The capital cost basis of estimate was developed based on the preliminary Project Execution Strategy. The Project Schedule indicates a 24-month construction and commissioning timeframe beginning in Q1 2017 with completion of commissioning and ramp-up by Q4 2018. An early works program comprising of commitment of long lead-time equipment and front end engineering design is expected to commence in Q3 2016.

The accuracy of the estimate is -15% to +25% and is in line with a Class 4 estimate under the AACE International's Cost Estimate Classification guidelines.

Escalation to project completion is estimated to be approximately A\$15M. The forecast capital cost to end of Project completion (Q4 2018) including escalation is A\$470M²¹. No allowances have been made for interest during construction.

The capital cost estimate includes:

- Direct costs of the Project development
- Indirect costs associated with the design, construction and commissioning of the new facilities
- Owner's cost associated with the management of the Project from design, engineering and construction up to the handover to operations and Project close-out
- Insurance and operating spares, first fills
- Costs associated with operational readiness and pre-production operations
- Growth allowance on quantity, pricing and unit rates variance
- Contingency on project scope definition and risks.

The costs are summarised by major area in Table 5. The material quantities and unit cost estimates were developed from engineering drawings, estimates and calculations at the level required for PFS, and validated against estimates from similar sized projects.

¹⁹ See Appendix 1: Forward-Looking and Cautionary Statements on page 24

²⁰ Capital cost estimate is as at Q3 2015, and accuracy level is -15% to +25%

²¹ Capital cost estimate is as at Q3 2015, and accuracy level is -15% to +25%

Table 5: Summary of Total Capital Costs by Major Area as at Q3 2015 (excluding potential escalation to project completion in Q4 2018)

| Area | A\$M |
|---|-------------------------|
| Direct | |
| Process Plant and TSF | 180 |
| Site Preparation and Infrastructure | 89 |
| Mine Development and Infrastructure | 33 |
| Equipment | 13 |
| Subtotal Direct | 315 |
| Engineering and Contractor's (Indirect) | 80 |
| Owner's costs | 25 |
| Subtotal Indirect | 105 |
| Contingency | 35 |
| Total (Real) Capital Cost | 455²² |

Operating Expenditure²³

The total estimated LOM operating cost for mining, processing, transport and refining, general and administration is approximately A\$2,511M; and inclusive of royalties and rehabilitation fund levy is A\$2,661M. Refer to Table 6 and Figure 7 for a summary of the operating costs.

Table 6: Operating Costs Summary

| Item | LOM Cost (A\$M) | LOM Cost (A\$/oz) |
|----------------------------|-----------------|-------------------|
| Mining | 1,120 | 384 |
| Processing | 1,298 | 445 |
| Transport and Refining | 5 | 2 |
| General and Administration | 88* | 30* |
| Subtotal Opex | 2,511 | 861 |
| Royalties | 145 | 50 |
| Rehabilitation Fund Levy | 5 | 2 |
| Total Cost | 2,661 | 912 |

Note: * General and Administration costs in the table above include site and allocated corporate.

All numbers are rounded to reflect appropriate levels of confidence. Apparent differences may occur due to rounding.

²² Capital cost estimate is as at Q3 2015, and accuracy level is -15% to +25%

²³ See Appendix 1: Forward-Looking and Cautionary Statements on page 24

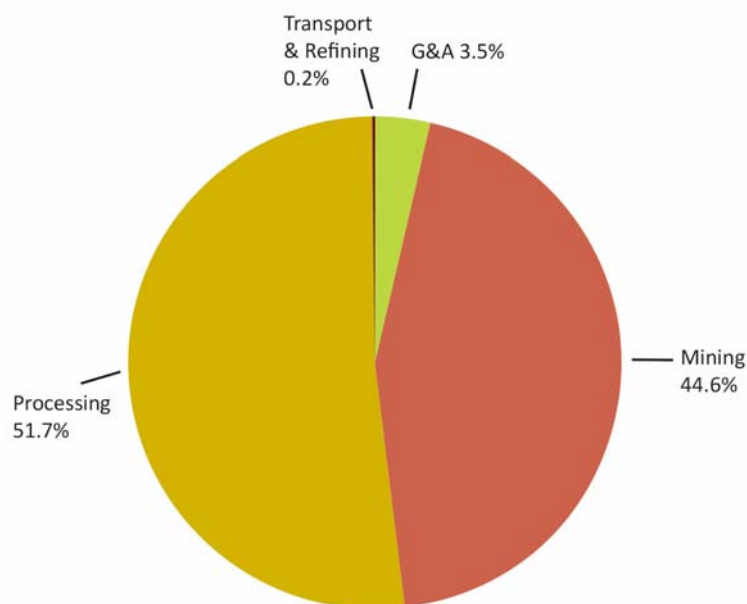


Figure 7: Chart Illustrating Proportional Operating Cost Breakdown

Community and Employment

The nearest town to the Project is Laverton, which has a population of 1,023 residents, of which 417 people permanently reside in the township (2011 census).

The Project is located within the Yilka Native Title claim area. The common law of Australia recognises a form of Native Title which reflects the entitlement of indigenous people, in accordance with their laws or customs, to enjoy their traditional lands.

Cosmo Newberry, locally referred to as Cosmo, is a small Indigenous Australian community with a population of 71 (2011 census), located approximately 80 kilometres north-west of Gruyere. The community is managed through its incorporated body, Cosmo Newberry Aboriginal Corporation (**CNAC**), incorporated under the Aboriginal Councils and Associations Act 1976 in 1991. In 1994 the community made the decision to become affiliated with Ngaanyatjarra Council.

Gold Road values the relationship which has been established with the Traditional Owners of the Land on which the Project is located. Through an extensive engagement process that began in 2009, the Company has formed good working relations with the Yilka people and an understanding of their cultural heritage.

Gold Road is committed to maintaining a long-term partnership with the Yilka people to ensure the Project can bring a range of benefits to the Traditional Owners, including direct and indirect employment.

Gold Road recognises the positive impacts that a long-term and large-scale mining operation such as Gruyere can bring to remote communities, such as possible business opportunities, and economic benefits through rates, taxes, charges and community investment.

These aspects will be revisited during the FS and additional opportunities will be explored.

Approvals

Mining Lease

Gold Road is the 100% owner of the Project, the Mining Lease application, surrounding exploration and miscellaneous licenses and applications and the underlying Yamarna Pastoral Lease. A mining title must be obtained from the Department of Mines and Petroleum before mining operations can commence.

Native Title

Commercial aspects of the Native Title negotiations have been concluded with in-principle agreement for the main terms of a Native Title Mining Agreement reached in December 2015 between Gold Road, the Yilka Native Title claim group and CNAC. Gold Road is working towards execution of a formal agreement by Q2 2016 that will facilitate the granting of the Mining Lease. Once granted, the Mining Lease will secure tenure over the Project for 21 years (from the date of grant), renewable for a further period of 21 years, subject to approval by the Department of Mines and Petroleum.

Project Infrastructure

Most of the Project infrastructure will be on the Mining Lease. However, the gas pipeline and water supply pipelines will be within Miscellaneous Licence infrastructure corridors. Gold Road has determined the optimal route for the gas pipeline and has applied for a Miscellaneous Licence. Subject to the Miscellaneous Licence being granted, environmental approval will be required. The airstrip location may be slightly off-lease, and as such, will require a Miscellaneous Licence or General Purpose Licence to ensure tenure is secured.

Environmental

Gold Road has commenced the formal environmental assessment in accordance with Part IV of the *Environmental Protection Act 1986*, or as a Mining Proposal under the *Mining Act 1978*. The mining aspect of the Project was discussed with the Environmental Protection Authority in October 2015 to determine whether a formal environmental assessment is required. Gold Road continues to progress studies and approval processes to manage or mitigate the risks that have been identified for the Project.

Economic Evaluation²⁴

PCF was commissioned to undertake the Project financial modelling for the PFS. All Owner's Team expenditures related to studies prior to January 2017 are treated as sunk costs and these include all Project study costs (PFS and FS). Table 7 highlights the key financial inputs and assumptions that are applied in the estimating of Project capital costs and financial analysis. All assumptions will be reviewed during the FS.

Table 7: Key Financial Assumptions

| Parameter | Units | Assumption |
|-----------------------------|-----------|------------------|
| Gold Price | A\$/oz | 1,500 |
| Exchange Rate | A\$1:US\$ | 0.73 |
| Accumulated Tax Losses | A\$M | 90* |
| Royalties | % | 4.0 [#] |
| Corporate Income Tax | % | 30 |
| Diesel Price (after rebate) | A\$/litre | 0.75 |

Notes:

* Estimated tax losses as at end of 2016 financial year

[#] Royalty percentage includes ASARCO royalty which has since been settled (ASX announcement dated 27 January 2016)

²⁴ See Appendix 1: Forward-Looking and Cautionary Statements on page 24

The financial analysis was undertaken using A\$1,500/oz (five-year historic average gold price) and assumes a constant gold price throughout the LOM. Table 8 below summarises the project financial outcomes.

Table 8: Summary of PFS Financial Outcomes

| Measure | Units | PFS Outcome ⁸ | US\$ ⁹ |
|--|----------|--------------------------|-------------------|
| Gold Produced | koz | 2,917 | |
| Gross Revenue | A\$M | 4,375 | 3,195 |
| Free Cash flow – Pre Tax | A\$M | 1,085 | 795 |
| Free Cash flow – Post Tax | A\$M | 770 | 565 |
| C1 Cash Costs ¹ | A\$/oz | 855 | 625 |
| C2 Cash Costs ² | A\$/oz | 1,060 | 774 |
| C3 Cash Costs ³ | A\$/oz | 1,110 | 810 |
| All in Sustaining Costs (AISC) ⁴ | A\$/oz | 960 | 700 |
| All in Costs (AIC) ⁵ | A\$/oz | 1,115 | 815 |
| Development Capital Cost ⁶ | A\$M | 455 | 335 |
| Sustaining Capital Cost ⁷ | A\$M | 140 | 102 |
| Development Capital Cost per ounce (Dev. Capex/ Gold Produced) | A\$/oz | 156 | 115 |
| Payback Period (months) | Months | 42 | |
| Payback Period | % of LOM | 32 | |
| Project LOM Costs | A\$M | 3,260 | 2,380 |

Notes: All figures are rounded to reflect appropriate levels of confidence. Apparent differences may occur due to rounding.

1 C1 = Mining and Processing Operating Expenditure + Site General and Administration Expenditure + Transport and Refining Costs

2 C2 = C1 + Depreciation + Amortisation

3 C3= C2+ Royalties + Levies + Net Interest Costs

4 AISC = C1 + Royalties + Levies + Sustaining Capital + Project related offsite Corporate expenditure

5 AIC = AISC + Development Capital Expenditure

6 The Development Capital Cost is in Q3 2015 Real terms. The forecast capital cost including potential escalation to Project completion (Q4 2018) is estimated to be A\$470M. The capital cost estimate accuracy is -15% /+25%

7 Total estimated cost to sustain the assets over project life

8 Gold price assumption A\$1,500/oz

9 A\$:US\$ exchange rate A\$1.00:US\$0.73

Conclusion and Recommendations

The Board has approved the PFS outcomes which indicate a technically sound and financially viable Project for immediate progression to FS.

The optimum case for the Project is the development of a mine, with conventional SABC CIL process plant and associated infrastructure for throughputs of 7.5 Mtpa of fresh ore and up to 8.8 Mtpa of transitional, oxide ores and blends powered by a gas fired power station.

Opportunities to optimise and enhance the financial performance of the Project will be further assessed and evaluated as part of the FS.

Next Steps

The immediate next step is the completion of the FS and as stated, the Board of Directors has approved the commencement of this study.

Thereafter, the Project development will be based on the Project execution strategy outlined below. It is planned that the Owner's Team, utilising external contractors, mainly through EPC contracts will manage the Project execution. The EPC contracts will include elements of lump sum and target cost arrangements. The gas-fired power station and associated gas pipeline will be built and operated by others through a BOO contract.

The high-level Project schedule (Figure 8) is based on a five-month early works program followed immediately by a 24-month construction and commissioning timeframe with the objective of achieving first gold pour in Q4 2018. The execution strategy assumes assessment of the need for, and consideration given to, approval for early commitment items in Q3 and Q4 of 2016 and a Final Investment Decision, Project financing in place and Project approval by Q1 2017.

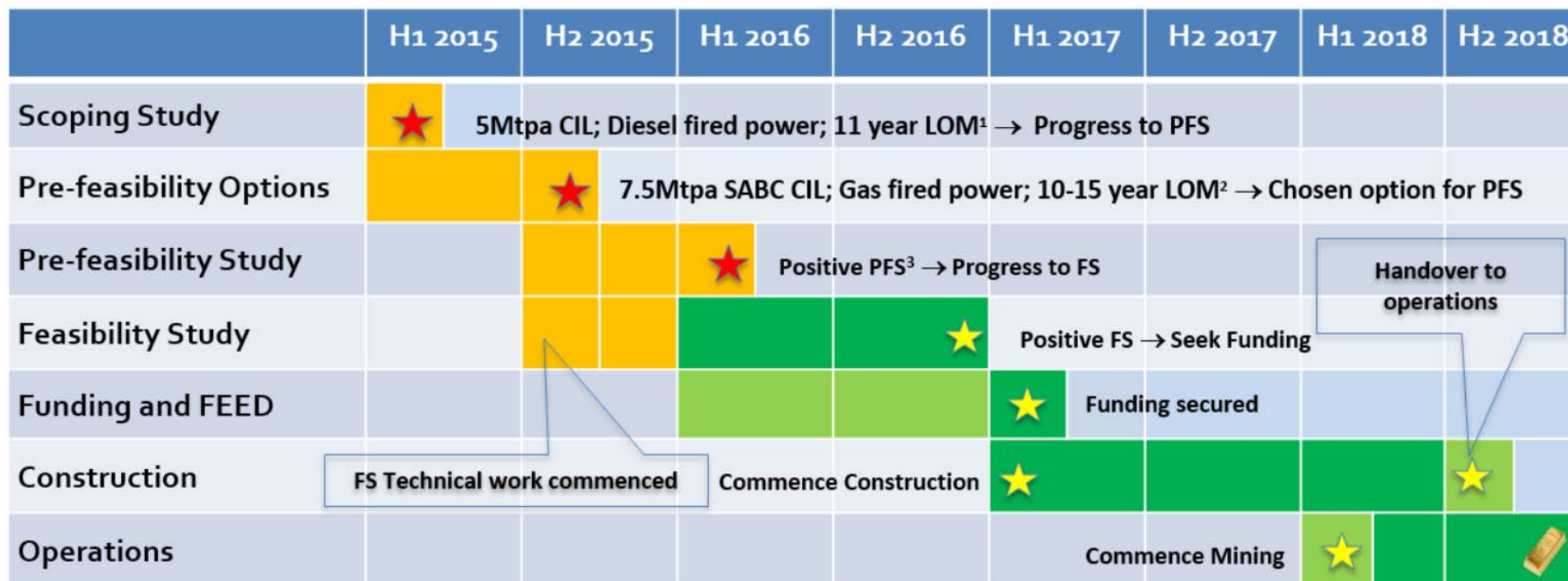
Key milestones for the execution of the Project are:

- Q3 2016 - Assess requirement to procure long lead items, namely the primary crusher, SAG and ball mills
- Q4 2016 - Completion of the FS
- Q4 2016 - Consider early commitment to the gas supply and gas pipeline construction contract
- Consider commitment to a Front End Engineering and Design (FEED) package in Q4 2016 to prepare engineering for early site works and the development of major contracts for immediate award on Project approval in Q1 2017. Contracts include EPC, Power Supply/Gas Pipeline, Mine Pre-Strip and Accommodation
- Q1 2017 - Project finance in place and project go-ahead

Further Work

The following activities, which require a relatively long delivery duration, were commenced during the PFS phase and are due to be completed within the FS:

- Completion of the remaining metallurgical test work to support detail design
- Additional mine geotechnical drilling and modelling to support detail mine pit design and scheduling
- Additional water bores drilling, development and modelling to support detail borefield design
- Environmental surveys to provide input into the EPA referrals and permit applications
- LIDAR site topographical survey.



★ Major planned decision points and milestones based on best case schedule

Figure 8: High level Project Schedule

¹ Gruyere Scoping Study (ASX announcement dated 27 January 2015)

² Gruyere PFS – Stage 1 Completed (ASX announcement dated 3 August 2015)

³ Appendix 1: Forward Looking and Cautionary Statements

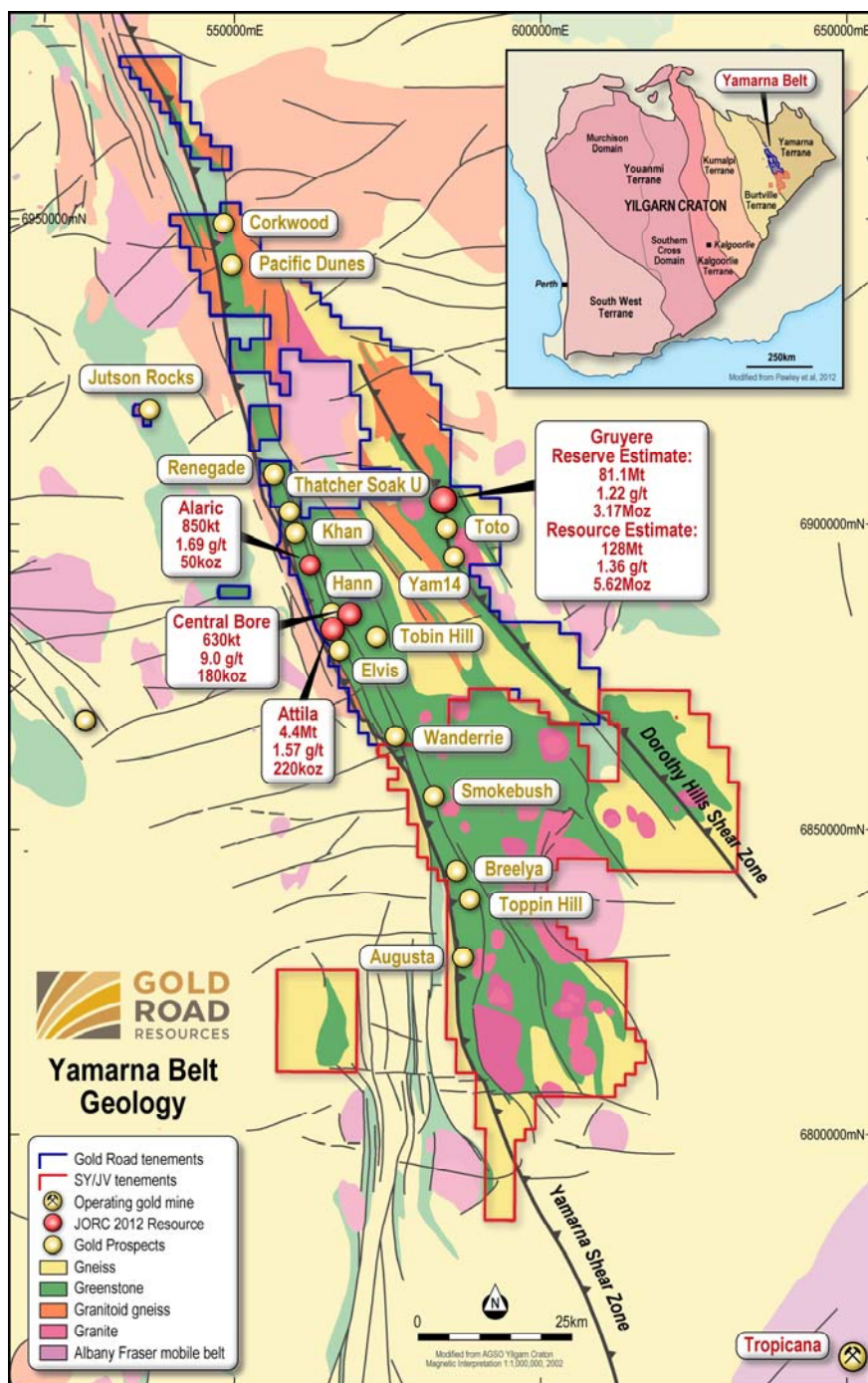


Figure 9: Map showing the location of the Gruyere Project and Geology of Yamarna Belt, Gold Road's 100% tenements (blue outline) and Gold Road-Sumitomo South Yamarna Joint Venture tenements (red outline), September 2015 Mineral Resources, Gruyere Ore Reserve and main exploration projects. Note: Renegade previously named Khan North.

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APPENDIX 1: FORWARD-LOOKING AND CAUTIONARY STATEMENTS

Some statements in this report regarding estimates or future events are forward-looking statements. They include indications of, and guidance on, future earnings, cash flow, costs and financial performance. Forward-looking statements include, but are not limited to, statements preceded by words such as “planned”, “expected”, “projected”, “estimated”, “may”, “scheduled”, “intends”, “anticipates”, “believes”, “potential”, “could”, “nominal”, “conceptual” and similar expressions. Forward-looking statements, opinions and estimates included in this announcement are based on assumptions and contingencies which are subject to change without notice, as are statements about market and industry trends, which are based on interpretations of current market conditions. Forward-looking statements are provided as a general guide only and should not be relied on as a guarantee of future performance. Forward-looking statements may be affected by a range of variables that could cause actual results to differ from estimated results, and may cause the Company’s actual performance and financial results in future periods to materially differ from any projections of future performance or results expressed or implied by such forward-looking statements. These risks and uncertainties include but are not limited to liabilities inherent in mine development and production, geological, mining and processing technical problems, the inability to obtain mine licenses, permits and other regulatory approvals required in connection with mining and processing operations, competition for among other things, capital, acquisitions of reserves, undeveloped lands and skilled personnel, incorrect assessments of the value of acquisitions, changes in commodity prices and exchange rate, currency and interest rate fluctuations, various events which could disrupt operations and/or the transportation of mineral products, including labour stoppages and severe weather conditions, the demand for and availability of transportation services, the ability to secure adequate financing and management’s ability to anticipate and manage the foregoing factors and risks. There can be no assurance that forward-looking statements will prove to be correct.

Statements regarding plans with respect to the Company’s mineral properties may contain forward-looking statements in relation to future matters that can only be made where the Company has a reasonable basis for making those statements.

This announcement has been prepared in compliance with the JORC Code (2012) and the current ASX Listing Rules.

The Company believes that it has a reasonable basis for making the forward-looking statements in this announcement, including with respect to any production targets and financial estimates, based on the information contained in this announcement and in particular:

- (a) The PFS which was completed by independent engineering firm, GRES and AMC, who are considered to be Western Australian experts, together with Gold Road’s Project Development Team under the direction of Sim Lau, Gold Road Development Manager (BEng.(Civil) Monash University 1981). As is normal for this type of study, the PFS has been prepared to an overall level of accuracy of approximately -15% to +25% .
- (b) The Company has a Mineral Resource Estimate for the Gruyere²⁵ Resource of 128.38 Mt at 1.36 g/t Au for 5.62 Moz (at a 0.7 g/t Au cut-off grade) of which 73%, being 95.07 M at 1.35 g/t Au for 4.12 Moz, is classified in the Measured and Indicated Mineral Resource category under the JORC Code (2012).
- (c) The Gruyere Mineral Resource was estimated by Mr Justin Osborne and Mr John Donaldson of Perth, Western Australia in September 2015²⁶.

²⁵ Gruyere Resource Increases to 5.62 Million Ounces (ASX announcement dated 16 September 2015)

²⁶ Gruyere Resource Increases to 5.62 Million Ounces (ASX announcement dated 16 September 2015)

- (d) Metallurgical testwork, consistent with that required for this level of study, which forms the basis for estimates of metallurgical recoveries was completed by independent consultant Mr Terry Weston and ALS Metallurgical Laboratories in Perth, Western Australia. The testwork resulted in average gold recoveries ranging from 89% at a P₈₀ grind size of 150 µm to 93% at a P₈₀ grind size of 106 µm. This range of data was used in the analysis for the study. Mr Weston holds a Bachelor of Applied Science majoring in Metallurgy graduating from University of Melbourne in 1972. Mr Weston was a Consultant to Gold Road during the Scoping Study and this Study. Mr Weston consents to the inclusion in this announcement of the matters based on his information in the form and context in which it appears.
- (e) The mine planning and scheduling for the 7.5 Mtpa to 8.8 Mtpa production range was supervised by Mr David Varcoe of AMC Consultants, Mr Wayne Foote, General Manager - Operations and Mr Asam Shaibu, Principal Mining Engineer of Gold Road (mining engineers with considerable mine planning and operations experience and Members of the Australasian Institute of Mining and Metallurgy) utilising the Whittle Optimisation software (for open pit mine optimisation) and Studio 3 (for open pit mine planning). More than 99% of mining inventory²⁷ is in Proved and Probable Ore Reserve categories, accounting for the entire 11 years of mine life.
- (f) GRES prepared the detailed process flowsheet based on metallurgical test work.
- (g) Geotechnical Engineering has been completed by Clive Seymour of Dempers and Seymour using modern geotechnical techniques and methods, and based on testwork consistent with this level of study. Dempers and Seymour are industry recognised experts in the field of mining geotechnical engineering.
- (h) The Gruyere Project has been granted Lead Agency Status Level 2 by the Government of Western Australia. This means, by way of recognition of the size and significance of the Project to the State of Western Australia, all necessary State approval processes will be coordinated by specific individuals within the Department of Mines and Petroleum.
- (i) The Company believes that the investigations and studies carried out on the process flowsheet and the mine planning for this Study meet or exceed what would normally be expected for a PFS.
- (j) Gold Road has had a very successful track record of adding mineral resources through greenfields and brownfields exploration across its tenements within the Yamarna Greenstone Belt. Gold Road is confident that there is a reasonable probability that it will continue to increase the mineral resources at the Gruyere Project through exploration to extend the mine life past what is currently assumed in the PFS. Attila and Central Bore resources have not been contemplated in the PFS. The Gruyere deposit is located in the Yamarna Greenstone Belt which is highly prospective.
- (k) The Gruyere Project's positive technical and economic fundamentals provide a platform for Gold Road to advance discussions with potential strategic partners and traditional financiers. Continued support from key institutional shareholders and strategic partners, current market conditions and an encouraging outlook for the global gold market enhance the Company's view of the fundability of the Gruyere Project. The Board is confident the Company will be able to finance the Gruyere Project through a combination of debt and equity or strategic partnerships.

²⁷ See Appendix 1 "Forward Looking and Cautionary Statements" on page 24

- (l) Gold Road's Board and Management team includes Executive Chairman, Mr Ian Murray a qualified Chartered Accountant and mining industry professional with more than 17 years international corporate and mining experience, Executive Director Mr Justin Osborne a geologist with more than 26 years exploration, mining, development and corporate experience, Non-Executive Director Mr Tim Netscher who has extensive mining operational, project development and business development experience primarily with the larger international mining companies, General Manager - Operations Mr Wayne Foote, mining engineer, who has more than 29 years experience in the mining industry, the last 16 years at senior and executive management level and Mr Robin Marshall who has more than 40 year's-experience in the Mining and Mineral Processing Industry – Project Development, Execution and Operations/Engineering. In addition, Gold Road's Business Development team consists of Mr Gordon Murray and Mr Asam Shaibu who are both mining engineers with a combined 36 years of mine planning and operations experience. The Board and Management are well qualified and experienced to deal with any funding and project development challenges as they occur. In addition, the current state of the mining professional labour market is such that expert specialist input, when required, is available in Western Australia and can be sourced by Gold Road on a part-time or full-time basis.
- (m) The Study is based on the assumption that all gold produced will be refined at and sold to the Perth Mint, a statutory authority of the Government of Western Australia. The Perth Mint refines almost all gold doré bars produced in Western Australia. The gold market is a highly liquid international market with no need for offtake agreements.

PREVIOUSLY REPORTED INFORMATION

This announcement includes information that relates to Mineral Resources and exploration results which were prepared and first disclosed under the JORC Code (2012). This information was included in the Company's previous announcements as follows:

- ASX announcement dated 4 August 2014, Maiden Gruyere Resource
- ASX announcement dated 15 October 2014, Annual Report To Shareholders
- ASX announcement dated 20 January 2015, Mineralisation At Gruyere Extended To 750 Metres Depth
- ASX announcement dated 28 May 2015, Gruyere Resource Grows To 5.51 Million Ounces Gold
- ASX announcement dated 3 August 2015, Gruyere Scoping Study
- ASX announcement dated 16 September 2015, Gruyere Resource Increases To 5.62 Million Ounces

These announcements are available at the Company's website www.goldroad.com.au.

The Company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcements and, in the case of estimates of Mineral Resources, that all material assumptions and technical parameters underpinning the estimates in the relevant market announcement continue to apply and have not materially changed. The Company confirms that the form and context in which the Competent Persons' findings are presented have not materially changed from the original market announcement.

APPENDIX 2: COMPETENT PERSONS

The information in this announcement that relates to process engineering design work and costing was prepared by GR Engineering Services Limited and was compiled under the guidance of professional engineers with membership status of the Australasian Institute of Mining and Metallurgy and the Institute of Engineers Australia whom qualify as Competent Persons as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'.

The information in this report that relates to Ore Reserves is based on information compiled by David Varcoe of AMC Consultants, a competent person who is a Member of The Australasian Institute of Mining and Metallurgy. Mr Varcoe has sufficient experience that is relevant to the style of mineralisation and type of deposits under consideration and to the activity currently being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Varcoe consents to the inclusion in this announcement of the matters based on his information in the form and context in which it appears.

APPENDIX 3: JORC Code 2012 Table 1

Estimation and Reporting of Ore Reserves

The Company has relied upon its previously reported information, in particular the announcement of 16 September 2015, as set out in the announcements listed in Appendix 1, in respect of the matters related to sections 1, 2 and 3.

(Criteria listed in section 1, and where relevant in sections 2 and 3, also apply to this section.)

| Criteria | JORC Code (2012) explanation | Commentary |
|---|---|---|
| <i>Mineral Resource estimate for conversion to Ore Reserves</i> | <p>Description of the Mineral Resource estimate used as a basis for the conversion to an Ore Reserve.</p> <p><i>Clear statement as to whether the Mineral Resources are reported additional to, or inclusive of, the Ore Reserves.</i></p> | <p>The Mineral Resource estimate for the Gruyere deposit which formed the basis of this Ore Reserve estimate was compiled by the Gold Road Competent Person(s) utilising relevant data. The estimate is based on 207 Reverse Circulation (RC) holes and 108 diamond holes of exploration drilling and assay data. The data set, geological interpretation and model was validated using Gold Road's internal and Quality Assurance and Quality Control (QAQC) processes and reviewed by an external consultant. Ordinary Kriging was utilised to estimate the Measured component of the resource and Localised Uniform Conditioning was utilised to estimate the Indicated and Inferred components of the resource. The individual block size for estimation was 5 mE x 12.5 mN x 5 mRL for both methods.</p> <p>The Mineral Resources are reported inclusive of the Ore Reserve.</p> |
| <i>Site visits</i> | <p>Comment on any site visits undertaken by the Competent Person and the outcome of those visits.</p> <p>If no site visits have been undertaken indicate why this is the case.</p> | <p>The Competent Person conducted a site visit in October 2015. The following activities were completed:</p> <ul style="list-style-type: none"> ▪ Gained general familiarisation with the site including likely mining conditions, proposed pit location, waste dump location, site drainage and site access ▪ Assessed proposed locations of mining related infrastructure relative to the designed open pit ▪ Observed resource drilling activities ▪ Inspected air core drill hole sites to get an understanding of the variations in weathering profiles across the deposit ▪ Viewed diamond drill core from selected samples. |
| <i>Study status</i> | <p>The type and level of study undertaken to enable Mineral Resources to be converted to Ore Reserves.</p> <p>The Code requires that a study to at least Pre-Feasibility Study level has been undertaken to convert Mineral Resources to Ore Reserves. Such studies will have been carried out and will have determined a mine plan that is technically achievable and economically viable, and that material Modifying Factors have been considered.</p> | <p>The Ore Reserve estimate is the result of a detailed Pre-Feasibility Study (PFS) completed by a team consisting of Gold Road personnel and external consultants.</p> <p>The proposed mine plan is technically achievable. All technical proposals made for the operational phase involve the application of conventional technology which is widely utilised in the goldfields of Western Australia (WA).</p> <p>Financial modelling completed as part of the PFS shows that the project is economically viable under current assumptions.</p> <p>Material Modifying Factors (mining, processing, and infrastructure, environmental, legal, social and commercial) have been considered during the Ore Reserve estimation process.</p> |

| Criteria | JORC Code (2012) explanation | Commentary |
|--------------------------------------|--|---|
| <i>Cut-off parameters</i> | The basis of the cut-off grade(s) or quality parameters applied. | <p>Variable economic cut-off grades have been applied in estimating the Ore Reserve. Cut-off grade is calculated in consideration of the following parameters:</p> <ul style="list-style-type: none"> ▪ Gold price ▪ Operating costs ▪ Process recovery ▪ Transport and refining costs ▪ General and administrative cost ▪ Royalty and levy costs. |
| <i>Mining factors or assumptions</i> | <p>The method and assumptions used as reported in the Pre-Feasibility or Feasibility Study to convert the Mineral Resource to an Ore Reserve (i.e. either by application of appropriate factors by optimisation or by preliminary or detailed design).</p> <p>The choice, nature and appropriateness of the selected mining method(s) and other mining parameters including associated design issues such as pre-strip, access, etc.</p> | <p>Gruyere will be mined by open pit mining methods utilising conventional mining equipment. Final pit and interim stage designs were completed as part of the PFS. The final pit design is the basis of the Ore Reserve estimate.</p> <p>The selected mining method, design and extraction sequence are tailored to suit orebody characteristics, minimise dilution and ore loss, defer waste movement and capital expenditure, utilise proposed process plant capacity and expedite free cash generation in a safe and environmentally sustainable manner</p> |
| | The assumptions made regarding geotechnical parameters (e.g. pit slopes, stope sizes, etc), grade control and pre-production drilling. | <p>Geotechnical modelling has been completed by an external consultant on the basis of field logging and laboratory testing of selected dedicated diamond drill core samples. The recommended geotechnical design parameters assume dry slopes on the basis of adequate dewatering ahead of mining. Nine geotechnical domains were identified:</p> <ul style="list-style-type: none"> ▪ Domain East 1, East 2, East 3, West 2, East 4, West 3: <ul style="list-style-type: none"> - Weathered material: batter heights of 5-10m, batter angles of 50° and berm widths of 5m - Fresh material: batter heights of 20m, batter angles of 60° - 65° and berm widths of 8m. ▪ Domain West 1: <ul style="list-style-type: none"> - Weathered material: batter heights of 5-10m, batter angles of 50° and berm widths of 5m - Fresh material: batter heights of 20m, batter angles of 55° - 60° and berm widths of 8m. ▪ Domain East 5: <ul style="list-style-type: none"> - Weathered material: batter heights of 5-10m, batter angles of 45° - 50° and berm widths of 5-6m - Fresh material: batter heights of 20m, batter angles of 55° and berm widths of 6m. ▪ Domain West 4: <ul style="list-style-type: none"> - Weathered material: batter heights of 5-10m, batter angles of 50° and berm widths of 5m - Fresh material: batter heights of 20m, batter angles of 60° and berm widths of 6m. |

| Criteria | JORC Code (2012) explanation | Commentary |
|---|---|---|
| | <p>The major assumptions made and Mineral Resource model used for pit and stope optimisation (if appropriate).</p> <p>The mining dilution factors used.</p> <p>The mining recovery factors used.</p> <p>Any minimum mining widths used.</p> | <p>The Ore Reserve estimate is based on the Mineral Resource model announced on 16 September 2015 (ASX announcement dated 16 September 2015).</p> <p>Mining dilution and recovery modifying factors were simulated by regularising the resource block model to a Selective Mining Unit (SMU). Various SMU sizes were applied and a new inventory reported for each size at a 0.5 g/t Au cut-off grade (COG) for comparative purposes. The 5 mE x 12.5 mN x 5 mRL SMU was selected as it is likely the project will operate on 5 m digging bench heights and that the minimum selectivity in the preferred dig direction from the hangingwall (east to west) is 5 m. The selected case yielded the following results:</p> <ul style="list-style-type: none"> ▪ Mining dilution factor of 4.3% ▪ Mining recovery factor of 96.6% <p>A minimum mining width of 40m was applied as a production scheduling constraint.</p> |
| <p><i>Mining factors or assumptions</i></p> | <p>The manner in which Inferred Mineral Resources are utilized in mining studies and the sensitivity of the outcome to their inclusion.</p> | <p>The mining schedule is based on supplying variable throughput rates to a processing plant with a name plate capacity of 7.5 Mtpa for fresh ore material with the capability to treat up to 8.8 Mtpa of oxide material.</p> <p>The mining schedule is based on realistic mining productivity and equipment utilisation estimates and also considered the vertical rate of mining development.</p> <p>Inferred Mineral Resources were considered as waste during the pit optimisation and production scheduling process.</p> <p>Waste material from mining activities will be disposed of as follows:</p> <ul style="list-style-type: none"> ▪ Topsoil will be disposed of at designated stockpiles for application in on-going rehabilitation activities; ▪ Initial saprolite waste will be utilised to construct the base and starter embankment of the Tailings Storage Facility (TSF); ▪ Some waste rock will be utilised to construct the Run Of Mine (ROM) pad; ▪ Some waste rock will be utilised to construct on-going TSF lifts; ▪ Excess waste rock will be disposed of at designated waste rock dumps. |
| | <p><i>The infrastructure requirements of the selected mining methods.</i></p> | <p>The proposed mine plan includes waste rock dumps, a ROM pad, a surface water diversion channel, surface dewatering bores, light and heavy vehicle workshop facilities as well as technical services and administration facilities.</p> |

| Criteria | JORC Code (2012) explanation | Commentary |
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| <i>Metallurgical factors or assumptions</i> | <p>The metallurgical process proposed and the appropriateness of that process to the style of mineralisation.</p> <p>Whether the metallurgical process is well-tested technology or novel in nature.</p> <p>The nature, amount and representativeness of metallurgical test work undertaken, the nature of the metallurgical domaining applied and the corresponding metallurgical recovery factors applied.</p> <p>Any assumptions or allowances made for deleterious elements.</p> <p>The existence of any bulk sample or pilot scale test work and the degree to which such samples are considered representative of the orebody as a whole.</p> <p>For minerals that are defined by a specification, has the ore reserve estimation been based on the appropriate mineralogy to meet the specifications?</p> | <p>A single stage primary crush, Semi Autogenous Grinding and Ball Milling with Pebble Crushing (SABC) comminution circuit followed by a conventional gravity and carbon in leach (CIL) process is proposed. This process is considered appropriate for the Gruyere ore, which is classified as free-milling.</p> <p>The proposed metallurgical process is commonly used in the Australian and international gold mining industry and is considered to be well-tested technology.</p> <p>Significant comminution, extraction, and materials handling testing has been carried out on over 2,500kg of half-NQ (NQ core diameter = 47.6mm) diamond drilling core samples. This has been carried out on oxide, saprock, transitional, and fresh ore types which were obtained across the Gruyere deposit (South to North) and to a depth of around 200m. Estimated plant gold recovery ranges from 87% to 95% depending on head grade, plant throughput, grind size and ore type. No deleterious elements of significance have been determined from metallurgical test work and mineralogy investigations.</p> <p>30 composites representing four major mineralised domains (South, Central, North and High-grade North) were subjected to gold extractive testwork by gravity separation and direct cyanidation of gravity tails. In total, 108 gravity-leach tests were completed at various grind size P_{80} ranging from 75 μm to 212 μm.</p> <p>Based on this test work data, regression analysis was carried out for three grind sizes (P_{80}) - 106, 125 and 150 μm to produce the following grade-recovery regression equations:</p> <ul style="list-style-type: none"> ▪ For grind size P80 of 106 μm - recovery = 3.6479 x natural logarithm of head grade (g/t) + 91.854 ▪ For grind size P80 of 125 μm - recovery = 3.8987 x natural logarithm of head grade (g/t) + 90.413 ▪ For grind size P80 of 150 μm - recovery (%) = 4.2583 x natural logarithm of head grade (g/t) + 88.198 |
| <i>Environmental</i> | <p>The status of studies of potential environmental impacts of the mining and processing operation. Details of waste rock characterisation and the consideration of potential sites, status of design options considered and, where applicable, the status of approvals for process residue storage and waste dumps should be reported.</p> | <p>Baseline environmental studies of flora, vegetation, vertebrate fauna, short-range endemic invertebrates and subterranean fauna have commenced and are due for completion within the timeframe of the project schedule.</p> <p>Various project approval pathways are being discussed with regulators.</p> <p>Waste rock characterisation work has been completed and all waste types and tailings are non-acid forming and have limited metal leachate potential. Waste rock and tailings storage locations have been selected based on suitable geographical characteristics and proximity to the pit and plant.</p> <p>Approvals for the TSF and waste rock dumps will be obtained during the Feasibility Study (FS) through the Mining Proposal process by the Department of Mines and Petroleum (DMP) and the Works Approvals and licensing process of the Department of Environmental Regulation (DER).</p> |
| <i>Infrastructure</i> | <p>The existence of appropriate infrastructure: availability of land for plant development, power, water, transportation (particularly for bulk commodities), labour, accommodation; or the ease with which the infrastructure can be provided, or accessed.</p> | <p>The Project site is within economic distances of existing infrastructure of the eastern goldfields region. Services and consumable supplies will be delivered by existing roads from Laverton some 200 kilometres to the west. A gas supply lateral from the Dampier-Bunbury Natural Gas Pipeline will be built from Laverton to site.</p> <p>The workforce will be Fly In Fly Out (FIFO) and based at a camp on site during rostered days on. An on-site airstrip is to be built as part of the project.</p> <p>Sufficient volumes of groundwater have been proven for the life of the mine and will be sourced from the Yeo palaeochannel.</p> <p>Miscellaneous licence applications have been lodged to secure the tenure required for the water and gas pipelines and a new section of road for site access.</p> |

| Criteria | JORC Code (2012) explanation | Commentary |
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| Costs | The derivation of, or assumptions made, regarding projected capital costs in the study | <p>All capital estimates are based on market rates as at the third quarter of 2015.</p> <p>It is assumed that all equipment required for the project will be purchased as new.</p> <p>The capital cost estimate accuracy is -15% /+25%.</p> <p>Mine development costs were developed from a combination of inputs from Gold Road, AMC Consultants and Pennington Scott Hydrogeologists. The basis of estimate is:</p> <ul style="list-style-type: none"> ▪ Contract mining ▪ Mobilisation of mining equipment and personnel from Perth ▪ Earthworks quantities determined from detailed site inspections by a competent civil engineer and geological modelling ▪ Mine dewatering requirements developed from PFS level hydrogeological modelling ▪ A mining schedule developed on a quarterly basis ▪ 10% contingency allowance <p>Processing and infrastructure development capital costs have been estimated by GR Engineering Services (GRES) on the basis of:</p> <ul style="list-style-type: none"> ▪ Earthworks quantities determined from detailed site inspections by a competent civil engineer ▪ Concrete and structural quantities developed from site layouts and similar designs from other projects ▪ A mechanical equipment list developed from the recommended process design criteria ▪ Budget pricing from local and international suppliers ▪ Contingency allowances calculated on a line by line basis relevant to the source and confidence in market rates |
| Costs | The methodology used to estimate operating costs. | <p>The operating cost estimate accuracy is -15% /+25%.</p> <p>Operating costs assume a FIFO scenario with various rosters on site.</p> <p>Mining operating costs have been estimated by AMC on the basis of scheduled material movement and mining rates for a contractor mining scenario with technical services supplied by Gold Road employees.</p> <p>Process and infrastructure operating costs have been estimated by GRES on the assumption that:</p> <ul style="list-style-type: none"> ▪ A conventional SABC circuit will be utilised to treat ore at a rate of 7.5 Mtpa for fresh ore with the capability to treat up to 8.8 Mtpa of oxide material ▪ Comminution grind sizes will be in the range of 106µm to 125µm for all material types ▪ Power will be generated on site utilising gas delivered by pipeline ▪ The process plant will be operated by Gold Road employees. <p>The operating cost estimate is considered to be appropriate for the current market in the eastern goldfields of WA.</p> |
| | <i>Allowances made for the content of deleterious elements.</i> | No allowance is made for deleterious elements since testwork to date on ore from Gruyere has not shown the presence of deleterious elements. |

| Criteria | JORC Code (2012) explanation | Commentary | | | | | | | | | | | | | | | |
|--------------------------|--|---|----------|-----------------|--------|----------------------|------|-----------|------|------|--------|------------------|------|--------|--------------|-------|--------|
| | <p>The source of exchange rates used in the study.</p> <p>The derivation of, or assumptions made, regarding projected capital costs in the study. <i>Derivation of transportation charges.</i></p> <p>The basis for forecasting or source of treatment and refining charges, penalties for failure to meet specification, etc.</p> <p>The allowances made for royalties payable, both Government and private.</p> | <p>Capital Costs for process plant and infrastructure are estimated in 2015 dollars.</p> <p>Foreign currency exchange rates were derived as tabled below.</p> <table border="1" data-bbox="1272 323 2063 515"> <thead> <tr> <th>Currency</th> <th>Rate (A\$1 = X)</th> <th>Source</th> </tr> </thead> <tbody> <tr> <td>United States Dollar</td> <td>0.70</td> <td>Gold Road</td> </tr> <tr> <td>Euro</td> <td>0.62</td> <td>online</td> </tr> <tr> <td>Chinese Renminbi</td> <td>4.43</td> <td>online</td> </tr> <tr> <td>Japanese Yen</td> <td>83.23</td> <td>online</td> </tr> </tbody> </table> <p>Transport charges - Gold bullion transportation charges are derived on the basis of a quote provided by a leading industry bullion shipment organisation.</p> <p>Treatment and refining charges are estimated on the basis of a quote from a leading Perth Gold Refinery.</p> <p>An allowance of 4% has been made for all Royalties.</p> | Currency | Rate (A\$1 = X) | Source | United States Dollar | 0.70 | Gold Road | Euro | 0.62 | online | Chinese Renminbi | 4.43 | online | Japanese Yen | 83.23 | online |
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| United States Dollar | 0.70 | Gold Road | | | | | | | | | | | | | | | |
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| Chinese Renminbi | 4.43 | online | | | | | | | | | | | | | | | |
| Japanese Yen | 83.23 | online | | | | | | | | | | | | | | | |
| <i>Revenue factors</i> | <p>The derivation of, or assumptions made regarding revenue factors including head grade, metal or commodity price(s) exchange rates, transportation and treatment charges, penalties, net smelter returns, etc.</p> <p>The derivation of assumptions made of metal or commodity price(s), for the principal metals, minerals and co-products.</p> | <p>The mined ore head grades are estimated utilising industry accepted geostatistical techniques with the application of relevant mining modifying factors.</p> <p>Gold price and exchange rates have been determined by an external financial expert group on the basis of current market trends.</p> <p>A Life-of-mine (LOM) gold price forecast of A\$1,400/oz (Real 2015) is applied in the financial modelling for the Ore Reserve calculation process. This price forecast was established by Gold Road on the basis of historical A\$ gold price trends over the last 5 years and represents a 7% discount on the average gold price over the period. Over the review period the price of gold has ranged between A\$1,300/oz and A\$1,800/oz and averaged A\$1,500/oz.</p> | | | | | | | | | | | | | | | |
| <i>Market assessment</i> | <p>The demand, supply and stock situation for the particular commodity, consumption trends and factors likely to affect supply and demand into the future.</p> <p>A customer and competitor analysis along with the identification of likely market windows for the product.</p> <p>Price and volume forecasts and the basis for these forecasts.</p> <p>For industrial minerals the customer specification, testing and acceptance requirements prior to a supply contract.</p> | <p>There is a transparent market for the sale of gold.</p> | | | | | | | | | | | | | | | |

| Criteria | JORC Code (2012) explanation | Commentary |
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| <i>Economic</i> | <p>The inputs to the economic analysis to produce the net present value (NPV) in the study, the source and confidence of these economic inputs including estimated inflation, discount rate, etc.</p> <p>NPV ranges and sensitivity to variations in the significant assumptions and inputs.</p> | <p>Discounted cash flow modelling and sensitivity analysis has been completed to evaluate the economic performance of the Ore Reserve. Key value driver inputs into the financial model included:</p> <ul style="list-style-type: none"> ▪ Gold price at A\$1,400/oz based on historical trends and long term future forecasts ▪ Discount rate of 8% as determined by the Board of Directors of Gold Road ▪ Project funding is not assumed in the calculations <p>The Ore Reserve returns a positive NPV under the assumptions detailed herein. Gold Road has not disclosed the Project NPV to support this Ore Reserve estimate as this is considered to be commercially sensitive information.</p> <p>The Project NPV (Post Tax) is most sensitive to variations in the gold price and process recovery.</p> <ul style="list-style-type: none"> ▪ A 10% reduction in gold price reduces NPV by approximately 86%. ▪ A 10% reduction in process recovery reduces NPV by approximately 86%. ▪ A 10% increase in mining operating costs results in a 24% reduction in NPV. ▪ A 10% increase in process operating costs results in a 28% reduction in NPV. ▪ Increasing development capital by 10% leads to an 18% reduction in NPV. |
| <i>Social</i> | <p>The status of agreements with key stakeholders and matters leading to social licence to operate.</p> | <p>Native Title and Aboriginal heritage aspects of the Project area have been assessed and steps are being taking to address all approvals and permitting requirements. Commercial in-principle agreement has been reached with the Native Title claimant group. The drafting of the native title mining agreement has commenced and is expected to be finalised in Q1 2016 and signed in Q2 2016. The miscellaneous licence for the gas pipeline infrastructure was applied for in November 2015 and Gold Road is awaiting the permit applications to undergo due process.</p> |
| <i>Other</i> | <p>To the extent relevant, the impact of the following on the project and/or on the estimation and classification of the Ore Reserves:</p> <p>Any identified material naturally occurring risks.</p> <p>The status of material legal agreements and marketing arrangements.</p> <p>The status of governmental agreements and approvals critical to the viability of the project, such as mineral tenement status, and government and statutory approvals. There must be reasonable grounds to expect that all necessary Government approvals will be received within the timeframes anticipated in the Pre-Feasibility or Feasibility study. Highlight and discuss the materiality of any unresolved matter that is dependent on a third party on which extraction of the reserve is contingent.</p> | <p>No material naturally occurring risks have been identified.</p> <p>No significant species have been identified that would be significantly impacted by the Project in a manner that could not be adequately managed. A work program for 2016 has been developed to complete all remaining baseline studies and compile approvals documents for submission and assessment by regulators by the completion of the FS.</p> <p>Mining and gas pipeline contract negotiations have not yet commenced. There are reasonable prospects to anticipate that contract terms as assumed in the Ore Reserves estimate will be achieved.</p> <p>Project commissioning is estimated for 2018.</p> |
| <i>Classification</i> | <p>The basis for the classification of the Ore Reserves into varying confidence categories.</p> <p>Whether the result appropriately reflects the Competent Person's view of the deposit.</p> <p>The proportion of Probable Ore Reserves that have been derived from Measured Mineral Resources (if any).</p> | <p>The main basis of classification of Ore Reserves is the underlying Mineral Resource classification. All Proved Ore Reserves derive from Measured Mineral Resources and all Probable Ore Reserves derive from Indicated Mineral Resources in accordance with JORC Code (2012) guidelines.</p> <p>The results of the Ore Reserve estimate reflect the Competent Person's view of the deposit.</p> <p>No Probable Ore Reserves are derived from Measured Mineral Resources.</p> <p>No Inferred Mineral Resource is included in the Ore Reserves.</p> <p>98% of the Ore Reserve is in the Probable category.</p> |

| Criteria | JORC Code (2012) explanation | Commentary |
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| <i>Audits or reviews</i> | The results of any audits or reviews of Ore Reserve estimates. | <p>The PFS which forms the basis of the Ore Reserve estimate was subjected to various reviews and audits:</p> <ul style="list-style-type: none"> ▪ Metallurgical testwork was reviewed by Gold Road employees and by external independent consultants and confirmed to be adequate for a PFS. ▪ Geotechnical input was reviewed by external independent consultants and found to be acceptable for a PFS. ▪ Open pit designs, production schedules and mining cost models were reviewed through AMC's internal peer review system and externally by Gold Road personnel. These were deemed to be appropriate for a PFS. ▪ The basis of design for the process plant and infrastructure was reviewed by Gold Road personnel and was deemed appropriate for a PFS. ▪ Capital cost estimates were reviewed by an external independent consultant and were considered to be appropriate for a PFS. ▪ The financial model applied for project valuation was reviewed by Gold Road personnel and was considered to be appropriate for a PFS. |
| <i>Discussion of relative accuracy/ confidence</i> | <p>Where appropriate a statement of the relative accuracy and confidence level in the Ore Reserve estimate using an approach or procedure deemed appropriate by the Competent Person. For example, the application of statistical or geostatistical procedures to quantify the relative accuracy of the reserve within stated confidence limits, or, if such an approach is not deemed appropriate, a qualitative discussion of the factors which could affect the relative accuracy and confidence of the estimate.</p> <p>The statement should specify whether it relates to global or local estimates, and, if local, state the relevant tonnages, which should be relevant to technical and economic evaluation. Documentation should include assumptions made and the procedures used.</p> <p>Accuracy and confidence discussions should extend to specific discussions of any applied Modifying Factors that may have a material impact on Ore Reserve viability, or for which there are remaining areas of uncertainty at the current study stage.</p> <p>It is recognised that this may not be possible or appropriate in all circumstances. These statements of relative accuracy and confidence of the estimate should be compared with production data, where available.</p> | <p>The Gruyere PFS resulted in a technically robust and economically viable business case. This is deemed to be an appropriate basis for a high level of confidence in the Ore Reserves estimate.</p> <p>In the opinion of the Competent Person, cost assumptions and modifying factors applied in the process of estimating Ore Reserves are reasonable.</p> <p>Gold price and exchange rate assumptions were set out by Gold Road and are subject to market forces and are at present an area of uncertainty.</p> <p>In the opinion of the Competent Person, there are reasonable prospects to anticipate that all relevant legal, environmental and social approvals to operate will be granted within the project timeframe.</p> |