

20 December 2016

Dear Fellow Shareholder

As 2016 draws to a close, it is worth reflecting on what has been a momentous year for Gold Road. It is also an opportune time to turn our minds to the exciting opportunities that lie ahead for the Company.

The highlight of the year was striking the 50:50 joint venture deal with Gold Fields Limited in November to develop our 6.2 million ounce Gruyere Gold Project. This was the culmination of a great deal of hard work, not only this year but in those preceding, by everyone at Gold Road. It has put us in an enviable financial position whilst retaining the upside potential we firmly believe remains within our vast Yamarna tenements.

Looking back on 2016, there have been many other notable achievements, starting with the completion of a significant transaction to buy back the Net Smelter Royalty attaching to certain North Yamarna tenements, including Gruyere, from Asarco Exploration Company Inc. in January.

This was followed by the delivery of the Gruyere Pre-Feasibility Study in February, which confirmed the Project was financially robust and technically viable, and led the Board making recommendation that work begin immediately on a Feasibility Study.

In April, our partner, Sumitomo Metal Mining Oceania Pty Ltd, lifted its interest in the South Yamarna Joint Venture to 50% after meeting its \$8 million expenditure commitment nine months ahead of time. We were also able to increase the Total Mineral Resource at Gruyere to 6.2 million ounces, further distinguishing the Project as one of the largest undeveloped gold deposits in the country, and with more than two years of potential production in the Measured Resource category.

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With our confidence in Gruyere growing rapidly and the Australian dollar gold price at near historical highs, we took the opportunity in April to execute a A\$74 million equity raising primarily to fund the purchase of long lead time items, and the commencement of early works and Front-End Engineering and Design for the Gruyere Project. The raising received excellent support, particularly the institutional placement component which was heavily oversubscribed, and resulted in a number of high quality institutions, including several out of North America, joining the share register.

In May the quest to move Gruyere towards production received a major boost with the signing of an historic Native Title agreement between Gold Road, the Yilka People and the Cosmo Newberry Aboriginal Corporation. Within days of the signing of this historic Native Title agreement, the Western Australian Government granted mining leases covering the Gruyere, Central Bore and Attila deposits.

As the Gruyere Feasibility Study progressed, we completed a deep diamond drill hole and a single up-dip wedge beneath the planned Gruyere open pit, with results announced in September. This drilling confirmed the very real potential to define a large underground resource at Gruyere that could support a sub-level caving operation. Further studies on the underground potential, and additional deep diamond drilling, are expected to take place in 2017.

Drilling programs were also completed at the YAM14, Alaric, and Attila South prospects, with results expected to either add to existing resources or contribute towards the declaration of maiden resources. These prospects are all within trucking distance of the planned Gruyere processing facility and are included in the Gruyere Joint Venture tenements. A significant drilling programme is anticipated to further follow-up the extensional potential on all three projects.

In October the Gruyere Feasibility Study was completed to an exacting standard, allowing the Company to declare an updated Ore Reserve of 3.5 million ounces, sufficient to support average annualised production rate of 270,000 ounces over the initial 13-year mine life (ASX announcement dated 19 October 2016).

Following completion of the Feasibility Study, the Board recommended progressing the Project to construction phase pending the successful completion of financing activities.

As you will be aware, we were running concurrent processes to evaluate the Project Finance and Joint Venture options for funding Gruyere's development. On the Project Finance side, we completed advanced negotiations with a number of highly regarded banks to enable funding of the Project.

Ultimately though, the Gold Road Board deemed that the Joint Venture proposal presented by Gold Fields Limited represented the best opportunity to maximise value for shareholders, and we are extremely pleased to have secured them as a high quality and experienced partner.

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The deal with Gold Fields clarifies the see-through value for our share of the Project and the attaching Net Smelter Return Royalty. Adding this to the value of our cash holdings and the cash received from Gold Fields, and subtracting the expected tax on the sale of the Gruyere stake and amount for corporate overheads, gives a total value in excess of A\$0.80 per share.

Looking at our current share price, it is clear the market is ascribing minimal value to the exploration upside that exists within the Gruyere Joint Venture tenements (144km<sup>2</sup>), the North Yamarna tenements that remain 100% owned by Gold Road (2,326km<sup>2</sup>), or the South Yamarna Joint Venture tenements (2,651km<sup>2</sup>).

With Gold Fields taking over responsibility for managing the development of Gruyere on behalf of the Joint Venture, Gold Road and its exploration team led by *Executive Director - Exploration & Growth* Justin Osborne will be free to focus on our proven core strength of discovering and developing gold deposits on the Yamarna Greenstone Belt.

Not only that but the balance sheet strength the Gold Fields deal has delivered means we are able to allocate additional funds towards accelerating the geological evaluation of the Belt.

In 2017 we expect to spend A\$15-25 million on exploration on the Gruyere Joint Venture tenements and our 100%-owned North Yamarna tenements, depending on exploration results. A further A\$3-4 million will fund exploration on the South Yamarna Joint Venture tenements, an amount that will be shared with Sumitomo. This essentially amounts to an exploration budget double that which was spent in 2016.

I would like to stress that we are not spending the extra money just because we have it; our approach to exploration continues to be disciplined and systematic, focusing primarily on identified Camp Scale Targets while also assessing regional potential. All drill programmes are ranked and prioritised to ensure we maintain focus on best quality targets at all times.

As we have indicated, we will also look at opportunities in other underexplored greenstone belts around the world where we might have a competitive advantage given the learnings gleaned from our Yamarna experience. We will also give consideration to capital management initiatives.

Gold Road would like to thank you for your ongoing support and contribution to our success over the past year. Rest assured that our desire to create value for you has not diminished with the Gold Fields deal and we head into 2017 invigorated and eager for more.



**Ian Murray**  
Managing Director and CEO

## Mineral Resources and Ore Reserves

### Competent Persons Statements

The information in this report which relates to Exploration Results or Mineral Resources is based on information compiled by Mr Justin Osborne. The information in this report which relates to Exploration Results is based on information compiled by Mr Justin Osborne, Executive Director for Gold Road. Mr Osborne is an employee of Gold Road, as well as a shareholder and share option holder, and is a Fellow of the Australasian Institute of Mining and Metallurgy (FAusIMM 209333). Mr Osborne has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity 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 Osborne consents to the inclusion in the report of the matters based on this information in the form and context in which it appears.

#### Mineral Resources

The information in this report that relates to the Mineral Resource Estimation for **Gruyere** is based on information compiled by Mr Justin Osborne, Executive Director – Exploration and Growth for Gold Road and Mr John Donaldson, Geology Manager for Gold Road.

The information in this report that relates to the Mineral Resource Estimation for **Attila Trend** is based on information compiled by Mr Justin Osborne, Executive Director for Gold Road, Mr John Donaldson, Geology Manager for Gold Road and Mrs Jane Levett, Senior Resource Geologist for Gold Road.

- **Mr Justin Osborne** is an employee of Gold Road, as well as a shareholder and share option holder, and is a Fellow of the Australasian Institute of Mining and Metallurgy (FAusIMM 209333)
- **Mr John Donaldson** is an employee of Gold Road as well as a shareholder, and is a Member of the Australian Institute of Geoscientists and a Registered Professional Geoscientist (MAIG RGeo Mining 10147)
- **Mrs Jane Levett** is an employee of Gold Road, and is a Member of the Australasian Institute of Mining and Metallurgy and a Chartered Professional (MAusIMM CP 112232)

Messrs Osborne and Donaldson and Mrs Levett have sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken to qualify as Competent Persons as defined in the 2012 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Messrs Osborne and Donaldson and Mrs Levett consent to the inclusion in the report of the matters based on this information in the form and context in which it appears.

The information in this report that relates to the Mineral Resource Estimation for **Central Bore** is based on geostatistical modelling by Ravensgate using sample information and geological interpretation supplied by Gold Road. The Mineral Resource estimates were undertaken by **Mr Craig Harvey**, previously Principal Consultant at Ravensgate and **Mr Neal Leggo**, Principal Consultant at Ravensgate.

Messrs Harvey and Leggo are both Members of the Australian Institute of Geoscientists. Messrs Harvey and Leggo have sufficient experience relevant to the style of mineralisation and type of deposit under consideration and to the activity which they are undertaking 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." Messrs Harvey and Leggo consent to the inclusion in the report of the matters based on this information in the form and context in which it appears.

#### Ore Reserves

The information in this report that relates to the Ore Reserve for **Gruyere** is based on information compiled by David Varcoe. **Mr David Varcoe** is an employee of AMC Consultants and is a Member of the Australasian Institute of Mining and Metallurgy (MAusIMM).

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.

#### New Information or Data

Gold Road 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 and Ore Reserves that all material assumptions and technical parameters underpinning the estimates in the relevant market announcement continue to apply and have not materially changed.

**JORC 2012 Mineral Resource tabulation for the Yamarna Leases**

Project Name	Tonnes (Mt)	Grade (g/t Au)	Contained Metal (Moz Au)
<b>Gruyere (0.5 g/t)</b>	<b>147.71</b>	<b>1.30</b>	<b>6.16</b>
Measured	13.86	1.18	0.53
Indicated	91.12	1.29	3.79
Inferred	42.73	1.35	1.85
<b>Central Bore (1.0 g/t)</b>	<b>0.63</b>	<b>9.0</b>	<b>0.18</b>
Measured	0.04	26.5	0.04
Indicated	0.40	9.0	0.12
Inferred	0.19	5.0	0.03
<b>Attila Trend (0.7 g/t)</b>	<b>5.30</b>	<b>1.59</b>	<b>0.27</b>
Measured	0.66	1.96	0.04
Indicated	3.85	1.52	0.19
Inferred	0.79	1.59	0.04
<b>Total</b>	<b>153.64</b>	<b>1.34</b>	<b>6.61</b>

**Notes:**

- All Mineral Resources are completed in accordance with the 2012 JORC Code
- Gruyere Mineral Resource reported at 0.5 g/t Au cut-off, constrained within an A\$1,700/oz Au optimised pit shell based on mining and processing parameters from the PFS and geotechnical parameters from the previous Mineral Resource estimate (ASX announcement dated 22 April 2016)
- Attila Trend (Attila and Alaric) Mineral Resource reported at 0.7 g/t Au cut-off, constrained within an A\$1,600/oz Au optimised pit shell (ASX announcement dated 16 September 2015)
- Central Bore Mineral Resource reported at 1.0 g/t Au cut-off (2014 Annual Report)
- All figures are rounded to reflect appropriate levels of confidence. Apparent differences may occur due to rounding
- Gruyere, Central Bore and Attila Trend are wholly owned by Gold Road Resources Limited

**Gruyere Project Ore Reserves Statement**

Ore Reserve Category	Tonnes (Mt)	Grade (g/t Au)	Contained Gold (Moz)
Proved	14.9	1.09	0.52
Probable	76.7	1.22	3.00
<b>Total Ore Reserve</b>	<b>91.6</b>	<b>1.20</b>	<b>3.52</b>

**Notes:**

- The Ore Reserve are completed in accordance with the 2012 JORC Code
- The Ore Reserve is evaluated using a gold price of A\$1,500/oz (ASX announcement dated 19 October 2016)
- The Ore Reserve is evaluated using variable cut off grades: Oxide 0.35 g/t Au, Transitional 0.39 g/t Au and Fresh 0.43 g/t Au
- Ore block tonnage dilution averages 3.2%; Ore block gold loss is estimated at 1.4%
- All figures are rounded to reflect appropriate levels of confidence. Apparent differences may occur due to rounding
- A total of 407 kt at 0.87 g/t Au for 11.4 koz at 0.5 g/t Au cut-off of Inferred Mineral Resource associated with the dispersion blanket Domain is contained within the FS pit design (with the majority located within Stage 2). This oxide material has not been included in the optimisation, the Ore Reserve estimate nor the FS processing schedule and presents potential upside subject to further definition with RC drilling

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