ASX Announcement

GOLD ROAD RESOURCES

20 March 2020

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COMPANY DIRECTORS

Tim Netscher
Chairman

Duncan Gibbs
Managing Director & CEO

Justin Osborne
Executive Director, Exploration & Growth

Brian Levet
Non-Executive Director

Sharon Warburton
Non-Executive Director

Carol Marinkovich
Company Secretary

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The Manager
Companies Announcement Centre
Australian Securities Exchange
20 Bridge Street
SYDNEY NSW 2000

Dear Sir/Madam,

Gold Road Resources 2019 Annual Report

Gold Road today announced its results for the full year ended 31 December 2019. Attached is the 2019 Annual Report including:

- Directors' Report
- Remuneration Report
- FY2019 Financial Report

This release has been authorised by the Board

Yours faithfully
Gold Road Resources Limited

Hayden Bartrop
Joint Company Secretary

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GOLD ROAD RESOURCES

2019 ANNUAL REPORT

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Chairman's Letter

Dear Shareholder

I am delighted to present to you our first Annual Report as a mid-tier Australian gold producer.

The first gold pour at our world-class Gruyere Project in June 2019 was followed by the official mine opening in December 2019, marking the culmination of Gold Road's safe and successful transition from junior explorer to cash flow-generating mid-tier gold producer. This is a tremendous outcome for all shareholders, achieved in just under six years from the discovery by Gold Road of the Gruyere Deposit in Western Australia's Yamarna Greenstone Belt.

In a 50-50 Joint Venture with our partners Gold Fields, operations at Gruyere are ramping up to the mine's production capacity of 300,000 ounces on average per year for at least another 11 years. Gruyere's performance so far has confirmed its status as a Tier 1 mine, a description reserved for genuinely world-class mining operations.

At Gold Road, we are immensely proud of our discovery of Gruyere in 2013, the subsequent courageous decision to enter into a Joint Venture with partner Gold Fields, and our strong relationships with all stakeholders led by the Yilka people on whose land we discovered Gruyere. The value and importance of these relationships were highlighted and celebrated at Gruyere's official mine opening, which was attended by many who supported and participated in the mine's discovery and development including current WA Mines and Petroleum Minister Bill Johnston and his predecessor Bill Marmion, Yilka Talintji Aboriginal Corporation Chairperson Harvey Murray, and Gold Fields chairwoman Cheryl Carolus.

One of the most exciting aspects of working in the mining industry is that companies such as Gold Road can develop projects like Gruyere in such remote locations, thereby making a positive difference to the local communities.

Based on an ore reserve of 3.7 million ounces, Gruyere is one of the largest gold mines built and commissioned worldwide over the past decade. Gold Road shareholders have the potential to benefit greatly in the years to come as we deliver on the Company's vision to discover and unlock more world-class gold assets.

While Gruyere's start-up was our headline achievement in 2019, we also continued our exploration efforts across the Yamarna Greenstone Belt to create additional value for our shareholders. I urge you to read the Review of Operations sections in this Annual Report.

Gold Road is in a financially and operationally robust position and continues to develop a strong and supportive workplace culture. We place great importance on the safety, health and well-being of our people, which is reflected in our core values that include Acting with Integrity and Caring for the Well-being of all of our stakeholders.

In the past year we have adhered to our capital management strategy of applying free cash first to repaying debt before considering other opportunities to add value for shareholders, including through our industry leading greenfields exploration efforts.

This financial discipline played a key role in Gold Road's elevation last year to the S&P/ASX 200 index of Australia's leading listed companies, a position we are proud to have achieved and endeavour to build on.

During the year, Gold Fields sold its 9.9% shareholding in Gold Road as part of their own capital strategy. Gold Fields acquired this stake in 2017 in the early days of the Gruyere Joint Venture and – alongside all shareholders – benefited from our Company's successful transition from explorer to mid-tier producer.

As we go to press with the 2019 annual report, the COVID-19 pandemic is a new risk to human health, our quality of life and the sustainability of some businesses. It is a concern the Gold Road Board takes seriously. The health and well-being of our personnel is our first priority. Gold Road is a robust business with a world class operation and strengthening balance sheet. Despite the unknown challenges that may emerge from COVID-19 we are confident in the quality of the Gruyere asset and the strength of management to ameliorate issues as they emerge.

On behalf of the Board, I thank the Gold Road team led by Managing Director and CEO Duncan Gibbs for their exemplary and tireless efforts in 2019. I also extend thanks to my fellow Board members for their valued input throughout the year.

In closing, I thank all Gold Road shareholders for your continued support and faith in our Company.

Tim Netscher
Non-executive Chairman

Managing Director's Report

It is my great pleasure to report to you on a landmark year in Gold Road's short but already impressive history.

The production of first gold at Gruyere in June 2019 heralded Gold Road's successful transition from explorer and discoverer of the world-class Gruyere Deposit to becoming a mid-tier Australian gold producer, with significant potential and growth ambitions.

By the end of 2019, Gruyere had produced 99,130 ounces at an all-in sustaining cost of $1,100 per attributable ounce, both comfortably in line with guidance.

It was a dedicated collective team effort to achieve Gruyere's start-up in line with our targets and with exemplary construction safety performance. Despite a short delay in the commissioning of the ball mill the start-up of the operation has gone well and surpassed our expectations in the ramp-up of the process plant.

Gruyere will be a long-life and high margin operation, setting Gold Road up for a bright future.

But our work is far from done.

Our vision is to create shareholder value by growing Gold Road into a low cost, low risk multi-operation gold mining company.

Consistent with our aspiration to create shareholder value, our holding of approximately 4,500 square kilometres of exploration tenements in the Yamarna Greenstone Belt is focused on discoveries that may be developed as new standalone operations.

In 2019 the Company invested $17 million on exploration across its 100% owned Yamarna tenements, primarily in the Southern Project Area where we were able to declare a maiden resource totalling 258,400 ounces for the Gilmour Deposit discovered in 2018, and an updated resource in the Northern Project Area at Renegade of 39,200 ounces. Gilmour and Renegade are the first gold deposits identified at Yamarna outside of Gruyere and the original Golden Highway discoveries, a credit to the Gold Road Discovery team. Contingent on further success, Gilmour provides a potential foundation to our goal of developing a new standalone mining project at Yamarna. Gruyere provides an alternative processing option for mining smaller discoveries and elevates the level of confidence that our exploration activities will continue to create further value for Gold Road shareholders.

Through the year we continued our work on creating the first comprehensive age-constrained geological map for the Yamarna Belt, enabling a mineral systems approach to exploration targeting. Our exploration programmes prioritise targets based on the combination of geological merit and return on investment principles. I am encouraged by some of the new early stage targets identified for testing in 2020.

Our business is not just about producing and discovering gold, it is about building wealth from a sustainable business to the benefit of all stakeholders. With that in mind we are progressing positive initiatives such as a renewable energy solution for our Yamarna Exploration Camp, and further developing our increasing indigenous workforce at Gruyere. I encourage you to read the Environment, Social and Governance section in this Annual Report for more information on our recent achievements. From our start as a new Australian gold producer we have the ambition of positioning Gold Road as a global ESG leader in the gold mining sector, with enhancement of our Environment, Social and Governance communications and performance a priority for management.

Effective communication to shareholders is an important attribute of any successful company. To that end, our efforts were recognised during the year by the Australasian Investor Relations Association who awarded Gold Road the best investor relations performance for a mid-cap S&P/ASX 200 company.

Duncan Hughes accepted the award on behalf of Gold Road

Gold Road ended the year in a strong financial position, with a cash balance of $101 million and net cash (cash and cash equivalents less borrowings) of $21 million. The Company sold 49,565 ounces of its share of gold from Gruyere at an average price of $2,038 per ounce (combination of spot and hedged sales). At the end of 2019, Gold Road had gold forward sales contracts totalling 111,700 ounces at an average price of $1,844 per ounce, spread for delivery between January 2020 and September 2022.

In the March 2020 quarter, the better than expected cash generation from Gruyere enabled the Company to make a considerable debt repayment of $50 million reducing the overall debt position from $78 million (net of transaction costs) at the end of 2019 to $28 million in early 2020. Continued strong cash generation is anticipated to result in the paying down of our debt position through 2020, leaving our balance sheet in an unusually strong position for a company so early in its evolution from explorer to gold producer.

Gold Road's continued record of high achievement is a credit to the entire team and I sincerely thank all our staff and contractors for their tremendous efforts.

I would like to join the Chairman in thanking our shareholders for their ongoing support this year. I look forward to catching up with many of you at our AGM on 28 May 2020.

Duncan Gibbs
Managing Director and CEO

1 ENVIRONMENTAL, SOCIAL & GOVERNANCE

OUR CORE VALUES

We care for the well-being of all

We act with integrity

We deliver

We innovate to improve

We work as one team

Gold Road is committed to the development of sustainable exploration and mining operations that benefit its employees, contract partners, suppliers, key stakeholders and the community.

We are pleased to present Gold Road's environmental, social and governance (ESG) report for the 2019 calendar year. Information in this section relates to the Gruyere operation for the period 1 May 2019 to 31 December 2019, from commencement of plant commissioning and early ramp-up, and reflects only one quarter of commercial production.

Gold Road recognises the increased expectations of our shareholders and stakeholders to provide greater information and transparency on the Company's activities across the ESG spectrum. As this report demonstrates, Gold Road has comprehensive ESG management activities and initiatives which are being developed and enhanced as the Company continues its journey from an explorer and developer to an established mid-tier gold producer. In 2020, Gold Road will be setting the foundations towards achieving its ambition to be a global ESG leader in the gold mining sector.

Conducting ethical business is core to the Gold Road culture. Beginning with the Board, significant effort is invested into instilling a culture of high ethical standards throughout the organisation. Our vision and values underpin and support our ethos, and the way we operate.

In 2019 Gold Road undertook an inclusive and collaborative review of its vision and values, with the revised version published on the Company's website. Our vision and values have been aligned with recruitment practices and are supported by 11 core competencies which have been integrated into areas including, but not limited to, talent acquisition, leadership development and our performance management system.

Gold Road believes that excellence in corporate governance, combined with a corporate culture that values integrity and ethical behaviour, reduces risks to the business and is a foundation for creating and preserving shareholder value. Accordingly, Gold Road is committed to the highest standards of corporate governance.

Governance

ASX Corporate Governance Council Principles and Recommendations

Gold Road supports the intent of the ASX Corporate Governance Council's Principles and Recommendations. In 2019, Gold Road was compliant with the 3rd Edition of the ASX Corporate Governance Council's Principles and Recommendations for the full year and is well advanced in complying with the 4th Edition. Gold Road has reported on the 3rd Edition for the 2019 Annual Report and will report on the 4th Edition in the 2020 Annual Report.

Governance changes

The Board has established processes to review all corporate governance policy documents throughout the year. The major new policy amendments in 2019 were to the Securities Trading and Whistleblower Policies.

Copies of current corporate policies, including the 2019 Corporate Governance Statement, are available on the Gold Road website at goldroad.com.au

	Governance	Social	Environment
Anti-Bribery & Corruption Policy	●	○	○
Audit & Risk Committee Charter	●	●	●
Board Charter	●	●	●
Community Management Committee Charter (Gruyere JV)	○	●	●
Continuous Disclosure Policy	●	●	○
Corporate Code of Conduct	○	●	○
Corporate Governance Statement 31 December 2019	●	○	○
Director Related Entities Policy	●	○	○
Diversity & Inclusion Policy	○	●	○
Environmental Policy	○	○	●
Gold Road Constitution	●	○	○
Remuneration & Nomination Committee Charter	●	○	○
Remuneration Policy	●	○	○
Risk Management Policy	●	●	○
Securities Trading Policy	●	●	○
Selection and Appointment of New Directors Policy & Procedure	●	○	○
Selection of External Auditor and Rotation of Audit Engagement Partners	●	○	○
Shareholder Communications Policy	●	●	○
Whistleblower Policy	●	●	○

Tax Risk Governance Framework

During the year, Gold Road developed a Tax Risk Governance Framework and performed a gap analysis against the ATO's Tax Risks Management and Governance Review Guide. As part of the Tax Risk Governance Framework, the Company implemented a Tax Compliance Policy to identify tax risks (actual and potential). A risk register is maintained for each tax risk which is reported to the Audit and Risk Committee, and reputable external tax consultants are engaged to provide tax advice to maintain compliance with taxation regulation.

Internal Control and Assurance Framework

Gold Road has an internal audit function to test the effectiveness of risk management and internal controls within the Finance function, with the findings reported directly to the Audit and Risk Committee. A rolling three year internal audit plan has been implemented ensuring that key controls are tested across the whole Finance function over this period.

Additionally, there were external audits by reputable organisations of Gold Road's Health, Safety and Environment compliance, and an external review of remuneration policies and practices.

Securities Trading Policy Update

In July 2019, Gold Road updated and published its revised Securities Trading Policy. The Policy revised the trading black-out periods which all employees, contract partners and Gruyere JV employees must comply with, and which precludes trading for the period seven days before the end of the calendar quarter until one business day after the release of the quarterly report. Further black-out restrictions apply to Directors, key management personnel and specific employees from trading prior to financial year or half year financial results, Mineral Resource and/or Ore Reserve statements, and material exploration releases.

Whistleblower Policy

The Company updated its Whistleblower Policy following recent changes in the Corporations Act 2001 (Cth) to enhance whistleblower protections. Gold Road has introduced the capability for anonymous reporting to a third party agent to facilitate reporting of misconduct without fear of reprisal.

Modern Slavery Statement

Gold Road has initiated planning for a Modern Slavery Statement under the Modern Slavery Act 2018 (Cth) to enable the release of a Modem Slavery Statement in 2021 in respect of the 2020 calendar year.

Serious Misconduct Reports

In 2019, there were no reports received of any serious breaches of Gold Road's policies. In particular there were no matters reported or referred under the Corporate Code of Conduct, Whistleblower Policy or the Anti-Bribery & Corruption Policy.

Managing Risk

Gold Road views sound risk management systems as integral to the Company's operations and maintains a fit-for-purpose enterprise wide risk management framework to support the achievement of its strategic objectives.

Material Risks

The Company, through its normal business management and the development of its strategy, is exposed to different types of risks that could adversely affect the Company's financial position, prospects or reputation.

Gold Road has a risk register which ranks all risks across the business on likelihood and severity of consequences across several categories including Financial, People, Sustainability, Social/Cultural Heritage, Legal and Compliance, and Reputation. For each risk the relevant controls are documented and an assessment of the controls to mitigate the risk is undertaken.

As part of the risk management system, the risk register, controls, and effectiveness of the controls are evaluated annually.

The highest ranked residual business risks are continually monitored by the Audit and Risk Committee and periodically reviewed by the Board. The Board is also kept up-to-date on emerging risks and common risks impacting the resources industry, such as the recent declared COVID-19 pandemic.

Gruyere

The Gruyere JV is the key contributor to ongoing cash flow and the Company could be adversely impacted if the Gruyere operation does not deliver expected outcomes.

There is a high level of confidence in the quality of the Mineral Resource and Ore Reserve modelling due to stringent audit processes and an extensive grade control drilling programme completed in the December 2019 quarter. This ensures that all ore scheduled for mining in 2020 has now been defined by the more detailed grade control process. The Gruyere JV has implemented reconciliation practices and ore tracking systems to measure and account for major discrepancies, which can be fed into future Mineral Resource and Ore Reserve statements. There is currently limited operational data, particularly on fresh rock ore, to reconcile the resource and reserve modelling to actual results, and emphasis will be on the reconciliation performance of this ore type through 2020.

The Gruyere mine development represents a $610 million capital investment (100% basis) and carries with it inherent ramp-up risks to meet nameplate capacity, cost profile and gold production. Initial performance, including the first quarter of commercial production, has been favourable with the operation delivering at the top end of guidance. During 2020, the operation will transition from mining and processing of oxide ore to predominantly fresh rock ore. During this transition the open pit mine operation will establish and refine geotechnical design parameters, fresh rock blasting and mining practices which underpin the longer term mine design, mining productivity and costs. In the process plant, the processing of fresh ore material will establish the throughput capability of the processing circuit, fresh ore recovery performance and processing costs. With increasing operational knowledge, the maintenance requirements and practices will be refined firstly to achieve the design plant availability and then seek to identify cost or availability improvements. While early indications of operational performance are generally favourable, uncertainty in cost and production performance relative to feasibility level test-work and estimates remains until design operational performance has been demonstrated on fresh ore.

There continues to be a high level of focus on managing the Gruyere JV and our approach is one of integration and collaboration to attain industry leading performance in all aspects of the Gruyere JV. Various technical, community and management committees, representing both JV parties regularly meet to oversee the Gruyere JV. Key decisions (e.g. annual business and life of mine plans, and material contract and capital decisions) require the approval of both JV parties via the management committee. In the event a decision is not reached, the default position is the status quo. The Gruyere JV is managed by a subsidiary of Gold Fields Limited. Under the JV agreement Gold Road is required to follow the terms of the agreement to effect specific actions.

Gold Price and Hedging

Gold Road may be adversely affected by fluctuations in gold price. As a means of protecting against the downside risk of a falling gold price we use Australian dollar denominated gold forward sales contracts and put options on a measured proportion of future gold sales. This, along with ongoing monitoring and analysis of commodity and currency markets, downside scenario analysis, and contingency planning, ensures we are able to adequately manage operating margins and cash flows as a going concern in a low gold price environment. If the spot gold price rises above the price of gold forward sales contracts, this will result in lower future revenues than if the gold was sold at spot prices.

Adverse Tax Changes

The Company is exposed to adverse tax changes.

The current West Australian government has made two attempts to increase the gold royalty, with both attempts blocked by opposition political parties following intensive lobbying by industry. Considerable federal government debate has occurred on taxation of carbon emissions and removal of the diesel fuel rebate.

While no material adverse taxation or royalty changes are being publicly considered by government, they may occur in the future.

Land Access

We work closely with our stakeholders to enable access to our highly prospective exploration tenement holding. In doing so, we may be exposed to delays or onerous conditions in obtaining the necessary access agreements to support exploration, development and mining activities. Alternatively, we may lose access rights if we fail to meet commitments or comply with our statutory and contractual obligations. We are proactively focused on achieving outcomes that support our strategy, including delivering sustainable and long-term benefits to our stakeholders. We have established a dedicated community engagement team to lead and focus due attention in this critical business area. Accordingly, key performance indicators relating to land access for high priority targets have been instituted, and a management committee overseeing community and land access related matters has been established.

Health, Safety and Environment

We recognise the importance of maintaining both a strategic, operational and tactical focus on health, safety and environment to ensure that we do not harm our people or the environment in which we work. A sustainable value-based health, safety and environmental culture is core to Gold Road and extends to the Gruyere JV where we value alignment with our JV partner on the desired health, safety and environmental performance of the Gruyere operations. Operational health, safety and environmental leadership is recognised as an integral component to embedding our desired culture with several initiatives in place to support this, including our Vital Behaviours and Health, Safety and Well-being Leadership programmes. We are committed to continual improvement in relation to the management of our health, safety and environment and its performance.

From a health and safety perspective, the key identified operational risks are light and heavy vehicle interactions, aviation operations, working at heights, working in confined spaces, entanglement and crushing, explosives, hazardous and dangerous substances, uncontrolled release of energy (isolations), fall of ground, lifting operations and remote work.

Business Growth

In pursuing growth opportunities through discovery, acquisition or other means, we may be exposed to a loss of company value. We ensure appropriate technical and financial discipline is applied to our growth activities. We recognise the importance of appropriate evaluation of identified investment opportunities incorporating strong governance, and well-defined investment criteria with accompanying hurdles, will best position us to achieve growth success.

People, Health, Safety and Community

Our people, contract partners, suppliers and communities are the key to Gold Road's ongoing success. We believe in fostering an organisational culture that values diversity, inclusiveness, continuous development and individual improvement.

As a component of the Company's transformation programme Unlocking Potential (UP), the organisational design was reviewed and modified in October, to ensure that we have the appropriate structure to deliver on the Company's strategic objectives. The new design structure aligns roles with levels of work and aims to ensure that we have the right people, in the right roles, doing the right work, at the right time.

The Company's gender diversity is above the industry average (~17% [1]) with 33% of our workforce being female. In respect of a gender diversity objective, Gold Road will adopt a principal of maintaining our female participation higher than the industry average.

The Employee Engagement and Culture Survey was conducted in June 2019, with an employee participation rate of 93% (an increase of 3% from 2018). As a business we were pleased to see scores above the benchmark for the employee engagement dimensions: Belonging, Satisfaction, and Motivation (going the extra mile). Our results indicate a culture that provides a strong sense of Active Caring amongst the workforce (91% favourable responses) and that the work our employees are engaged in provides Participation and Challenge (92% favourable responses). As a business we acknowledge there are areas for improvement to enhance our overall employee engagement within Gold Road, including: communication, managing change and leadership capability. Gold Road is actively addressing these areas, including through organisational design changes, improved role accountability, and leadership development.

The Gruyere Employee Engagement and Culture Survey was conducted in November 2019 with a participation rate of 66%. The themes that received the highest positive or favourable responses from Gruyere employees included health and safety, diversity and inclusion and strategy. Areas identified for improvement include communication, managing change and improving technology and systems.

The health, safety and well-being of our people is paramount and remains front and centre of everything we do at Gold Road. Our safety culture is underpinned by our Vital Behaviours - behaviours which are embedded in our everyday work and are a key contributing factor to the high level of Active Caring evident in our Employee Engagement and Culture Survey.

1 Source: WGEA: Australia's Gender Equality Scorecard (November 2018)

VITAL BEHAVIOURS

Speak Up

I will speak-up when I feel a task is unsafe, conditions are hazardous or I feel rushed and observe others under pressure.

Seeking and Rectifying Hazards

I recognise conditions can change and with my team, I will continually seek to identify hazards in my surroundings, understand the risks and implement effective controls to prevent impact on myself or my team.

Supporting Safe Teamwork

I will recognise that team members may experience various pressures that influence their behaviour and I will actively support and encourage them to make safe choices.

Follow Procedures

When I am performing a task, I will be responsible for following the appropriate procedure, even if tempted to take a shortcut, allow distraction, feeling rushed or I am fatigued.

Both Gold Road and Gruyere establish lead indicators to encourage focus on, and enable measurement of our health, safety and well-being performance. These include (but are not limited to):

- proactive health, safety and well-being leadership interactions
- active participation and collaboration with the workforce and elected Safety and Health Representatives
- mental health initiatives
- monitoring, audit and review (audit and inspection regime).

Our safety performance is recorded using a 12-month rolling Total Recordable Injury Frequency Rate (TRIFR) based on the number of injuries per million man hours worked. The exploration operation reported a 12-month TRIFR of 16.9 to 31 December 2019, including three recordable injuries.

At the end of 2019, the Gruyere operation had recorded a TRIFR of 3.5 which included two recordable injuries. The Gruyere TRIFR is applicable from commencement of operations being the period 1 May 2019 to 31 December 2019.

Gold Road believes that health and well-being are key to optimising the performance of our people and have adopted an integrated health and well-being strategy. Our health and well-being strategy has Executive Leadership Team member accountability and is led by the General Manager – Capability & Culture.

R U OK Day - HSE Advisor, Shane Bushell chatting with the group about the importance of checking in with family, friends and work mates if they notice they are struggling or not quite themselves.

Gold Road family day out in Kings Park was enjoyed by our people their families and pets.

What a great start to the morning: Executive and Senior Leadership Team members completing health and fitness team building

In 2018 Gold Road was recognised as the first organisation in the mining industry to achieve Gold Accreditation from Mental Health First Aid Australia on the back of an extensive and encompassing training programme to increase awareness and upskill the workforce in Mental Health First Aid. Building on this training and education, our workforce is afforded opportunities to attend mental health information sessions provided by organisations such as LIVIN and encouraged and supported to host RU OK Day information sessions. The workshops and information sessions allow the team to share experiences and have open discussions about mental health illnesses from both a personal and work-related perspective.

Further supporting health, well-being and our community throughout the year, the Gold Road team participated in a number of community events including a Corporate Triathlon, Push-Up Challenge, Steptember, and Ride-to-Work Day. The contribution and participation from our staff emphasises our collective efforts to create a healthier and safer workplace for all.

STEPTEMBER CHALLENGE

66% of our employees participated

Over 11.5 million steps in 28 days

$2,470 raised for cerebral palsy

RIDE-TO-WORK Day Thank you to my pedal power buddy John Donaldson, your social influence and our commitment to one another kept us accountable to not just opt out and jump in the car. Much more enjoyable than sitting in the car or on public transport!

1 Environmental, Social & Governance
Operations
Financial Report
Shareholder Information

Community

Gold Road places a strong emphasis on our engagement with the communities in which we operate. This centres on our 'buy local' procurement and contracting philosophy; and our engagement with the Yilka people, on whose land we are exploring and operating. Staff development and participation in community volunteer programmes, charitable causes and not-for-profit organisations whose values align with those of Gold Road is highly valued and encouraged.

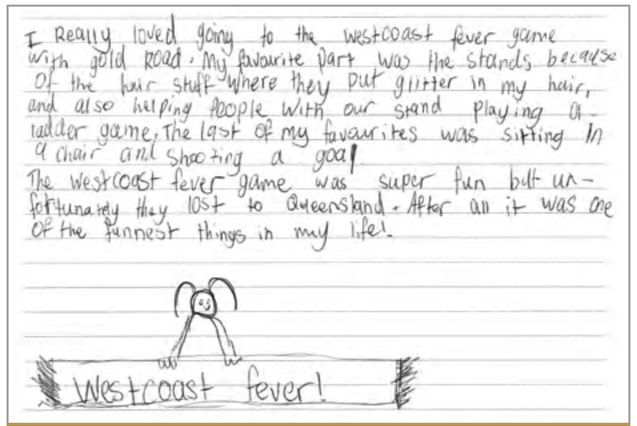
Our mining and exploration tenements sit within the Yilka Talintji Aboriginal Corporation RNTBC native title determination area. The Yilka people are the traditional owners of the land, with members residing in the nearby Cosmo Newberry community.

Along with the Gruyere operations, engagement with our local community provided contracting opportunities for cultural awareness workshops, heritage surveys and environmental rehabilitation work. In 2019, Gruyere and Downer awarded long-term contracts to four Yilka businesses for major and minor plant, labour hire and cleaning services. To promote employment in the mining sector, a work readiness programme was developed, and in 2020 a trainee and apprenticeship programme will be rolled out.

Members of the environment and community team, Enza and KM.

Yilka business - Yamarna Mining's Komatsu loader arrives at Gruyere

Our Company is a proud supporter and member of the Gold Industry Group which promotes the importance of mining and the gold sector through a variety of initiatives and sponsorships. These include Netball WA's State Netball program, West Coast Fever and Shooting Stars program; the Perth and Kalgoorlie interactive Gold Trails; and the National Education School's program which provides STEM learning through hands-on activities. In addition, Gold Road supports the Royal Flying Doctor Service (RFDS) who provide valuable medical support to the mining industry and settlements across remote regions of Australia. The RFDS has assisted with the medical repatriation of Gold Road and Gruyere staff, and is the first external support organisation we call upon.


I Really loved going to the westcoast fever game with gold Road. My favourite part was the stands because of the hair stuff where they put glitter in my hair, and also helping people with our stand playing a ladder game. The last of my favourites was sitting in a chair and shooting a goal. The Westcoast fever game was super fun but un-fortunately they lost to Queensland. After all it was one of the funnest things in my life!

Westcoast fever!

Chloe Detata really loved the West Coast Fever game.

Gold Road team at West Coast Fever game

Gold Road acknowledges its responsibility to the environment beyond legal and regulatory requirements and is committed to avoiding or reducing environmental impacts, proactively managing our obligations and continually improving environmental performance.

In 2019 there were no significant environmental incidents reported. Gold Road did however receive a $110,000 fine in relation to 11 tenements ($10,000 per tenement) for non-compliance of tenement rehabilitation obligations from the Department of Mines, Industry, Regulation and Safety (DMIRS). This arose after Gold Road fell behind on rehabilitation of early stage exploration tracks and historic drill sites in part due to the assumption that drill tracks would be used for follow-up drilling campaigns. The development and implementation of a comprehensive rehabilitation plan and strict rehabilitation procedures enabled a swift response to rectify the non-compliance. Gold Road now has rigid protocols, systems, procedures and internal governance controls in place to ensure all exploration rehabilitation requirements and commitments are met within stipulated timeframes, and ensure compliance with rehabilitation conditions is achieved.

During 2019, exploration activities disturbed approximately 61.5 hectares and rehabilitated approximately 447 hectares of land across its 500,000 hectare tenement package. We are pleased to report at the end of 2019 that all rehabilitation requirements have been met. In a follow up audit completed in late 2019, DMIRS endorsed the completed rehabilitation and the improved procedures and standards for ongoing rehabilitation activities.

The Gruyere operation achieved pre-operational certification under the International Cyanide Management Code (ICMC) in April 2019, with a follow-up independent audit planned for April 2020. The ICMC is a voluntary industry standard which focuses on the safe management of cyanide and cyanidation mill tailings solutions for gold mining companies, and was developed with guidance of the United Nations Environmental Program (UNEP). The aim of the ICMC is to improve usage and management of cyanide, reduce environmental impacts and protect human health[2].

The Gruyere team have been working towards certification for ISO 14001 (the international standard for an effective environmental management system) and ISO 45001 (the international standard for an occupational health and safety management system). Gruyere anticipates achieving certification in both ISO standards in 2020.

Tailings Storage Facility

The Gruyere Tailings Storage Facility (TSF) has been developed as an integrated waste landform utilising waste rock from the open pit to contain tailings within a downstream raise structure. The design has been developed by a specialist Engineer of Record, approved by DMIRS and constructed to design specifications under engineering supervision. Processes are in place for internal expert and Independent Engineer audit of the facility. At the early stage of Gruyere operations, the facility contains a minimal quantity of tailings. There are no Gruyere facilities, or communities, located downstream of the facility.

Climate and Climate Change

Gold Road recognises climate change as a serious challenge to society and the environment.

Weather, including the frequency and intensity of extreme weather events, can have a significant impact on Gold Road's mining and exploration activities. The Gruyere operation has been designed to avoid flooding of the mine and infrastructure and has adequate storage capacity for bulk commodities and consumables. Natural spinifex fires are a regular occurrence in the Great Victoria Desert with containment strategies in place to avoid impacts to infrastructure and personnel.

Potential impacts from climate change are incorporated into Gold Road's project risk assessments to ensure economic, environmental and social components of its activities are viable, flexible and adaptable to predicted climatic changes. Establishing a sustainable supply chain, designing infrastructure to be resilient to and have adequate capacity for changing weather conditions, and adopting sound financial management practices are all part of Gold Road's readiness for climate change risks. The Company has concluded that the major operational impacts of climate change (changes in weather patterns, sea level increases) are unlikely to impact the operation or the current anticipated life of mine.

Gold Road estimates its 50% JV interest of Scope 1 and 2 emissions in relation to mobile equipment and gas fired power station, will be approximately 75,000 – 85,000t CO_2 per annum once fully ramped-up and the second mining fleet is activated in mid-2020.

2 Source Cyanidecode.org

The total Scope 1 and 2 emissions[3] for the 2019 reporting period were 0.0643 Mt CO_2 -e representing 0.0006 tonnes CO_2 per gold ounce produced.

Gold Road is committed to continually looking for innovative ways to further reduce its carbon footprint to lower its greenhouse gas and other air emissions.

In 2019, Gold Road engaged Unlimited Energy Australia to conduct a study on the feasibility of a solar renewable energy solution for the Yamarna exploration camp to reduce its reliance on diesel for power generation and associated greenhouse gas emissions. The main requirements for a renewable solution were:

- minimum impact on the environment,
- future expansion capacity to increase power output,
- easily movable infrastructure, and
- economically viable with a payback period under 5 years.

The feasibility study, completed in August, demonstrated an economically viable solution recommending a 160 kilowatt solar photo voltaic (PV) solution with battery storage capable of producing up to 600 kilowatts per day, equivalent to 78% of the energy requirements for the Yamarna camp. Following Board approval, it is anticipated that approvals and engineering designs will be completed in early 2020 with installation and commissioning to be completed by late 2020.

In 2020, the Gruyere operation aims to undertake studies to consider technically and commercially viable renewable energy solutions for the Gruyere micro-grid which provides power to the mine, village and Yeo borefield.

In the December 2019 quarter, the Company commissioned a carbon farming study to assess the potential for carbon sequestration under the Human Induced Regeneration (HIR) method on the Yamarna Pastoral Lease. Results and recommendations from the study are anticipated in the 2020 year.

Waste Management

Gruyere and Gold Road operate regulated landfill facilities. The facilities are Category 64: Class II Putrescible Landfills, designed to accept putrescible and inert type 1 and 2 waste up to 1,800 tonnes per year. Approximately 378 tonnes of acceptable waste was disposed of in this landfill during 2019.

Both Gruyere JV and Gold Road are continuously working to reduce the volume of waste produced and increase recycling opportunities. Over the 2019 reporting periods Gruyere recycled 27 tonnes of metal, 1tonne of plastic, 10 tonnes of paper and carboard, and 34 tonnes of hydrocarbons. In December, the Yamarna chefs initiated a change from cardboard boxes for food deliveries to reusable crates, estimating they will prevent 1.4 tonnes of cardboard alone from going to landfill each year.

Water Management

Water is a precious resource and Gold Road ensures sustainable abstraction and consumption by maximising water recycling and minimising water wastage. Gold Road and Gruyere JV hold water abstraction licences with approved abstraction volumes of up to 8,200 ML pa combined. During 2019 total volume of brackish, saline and hypersaline water withdrawn, recycled and reused for operational tasks was 3,728 ML.

At Gruyere, recycled water decanted from the TSF is preferentially used for ore processing to reduce the reliance on water abstraction from the Yeo borefield.

Gruyere environment day - team members cleaning up around the site

3 Scope 1 and 2 emissions reported on a 100% basis from Gruyere operations and Yamarna exploration activities.

2 REVIEW OF OPERATIONS

Gruyere Gold Mine

The Gruyere Gold Mine, approximately 1,000 kilometres north-east of Perth in Western Australia's north-eastern Goldfields, commenced gold production during the year, representing the culmination of two years of a safe and high-quality construction project by the Gruyere JV (Gold Road 50%, operator Gold Fields 50%). The first gold bars were produced on 30 June 2019, in line with guidance, and the mine was officially opened in December by WA Mines and Petroleum Minister Bill Johnston, in the presence of key stakeholders and leaders from both JV partners.

Gold Road is delighted with the successful development of Gruyere and proud of the outstanding safety performance by the construction team, which delivered more than three million construction hours without a lost time injury and slightly lower than forecast development costs.

The safety and well-being of the workforce remain the Gruyere JV's foremost priority. The strong performance so far is a credit to the efforts of all involved in Gruyere's construction and start-up, including the owners' teams and contract partners Wood Group-Civmec Joint Venture (ACJV), MACA, APA Group, Clark Energy, Nacap, Compass/ESS, and mining contractor Downer.

Following year end, the Gruyere JV declared a Project Final Capital Cost of $610 million (100% basis), lower than the $621 million budget announced in July 2018 reflecting the disciplined and effective management by the JV team. Consequently, Gold Road's total share of the Final Capital Cost was confirmed at $280.6 million, below the $284 million revised budget estimate, while final JV Support costs were confirmed on budget at $15.4 million.

The significant first-gold milestone was achieved in June despite delays with components of commissioning of the Gruyere plant, particularly related to the ball mill. Remedial action resolved those issues to allow for production ramp-up to begin and progress better than anticipated. Commercial production was declared at the end of September, slightly ahead of guidance. During the ramp-up phase the Gruyere JV focused particular attention on process plant availability, equipment wear-rates, and maintenance planning and performance.

In the December 2019 quarter, with the mine ramp-up well underway, Gruyere produced 70,023 ounces (100% basis). Gold Road's AISC for its equity share of quarterly gold production was $1,100 per ounce. By the end of 2019 Gruyere produced 99,130 ounces of gold, at the upper end of the Gruyere JV full year guidance of between 75,000 and 100,000 ounces. The ramp-up to nameplate processing capacity of 8.2 million tonnes of ore per year, was progressing well with 2.1 million tonnes processed in the December 2019 quarter.

Aerial view of Gruyere Process Plant

Gruyere Official Mine Opening. Hon Bill Johnston and Cheryl Carolus - Gold Fields Chairwoman.

300K
OUNCES
Average annual gold production*

12
YEARS
Project mine life*

8.2
MTPA
Throughput rate (fresh ore)*

3.72M
OUNCES
Ore Reserve*

*100% basis

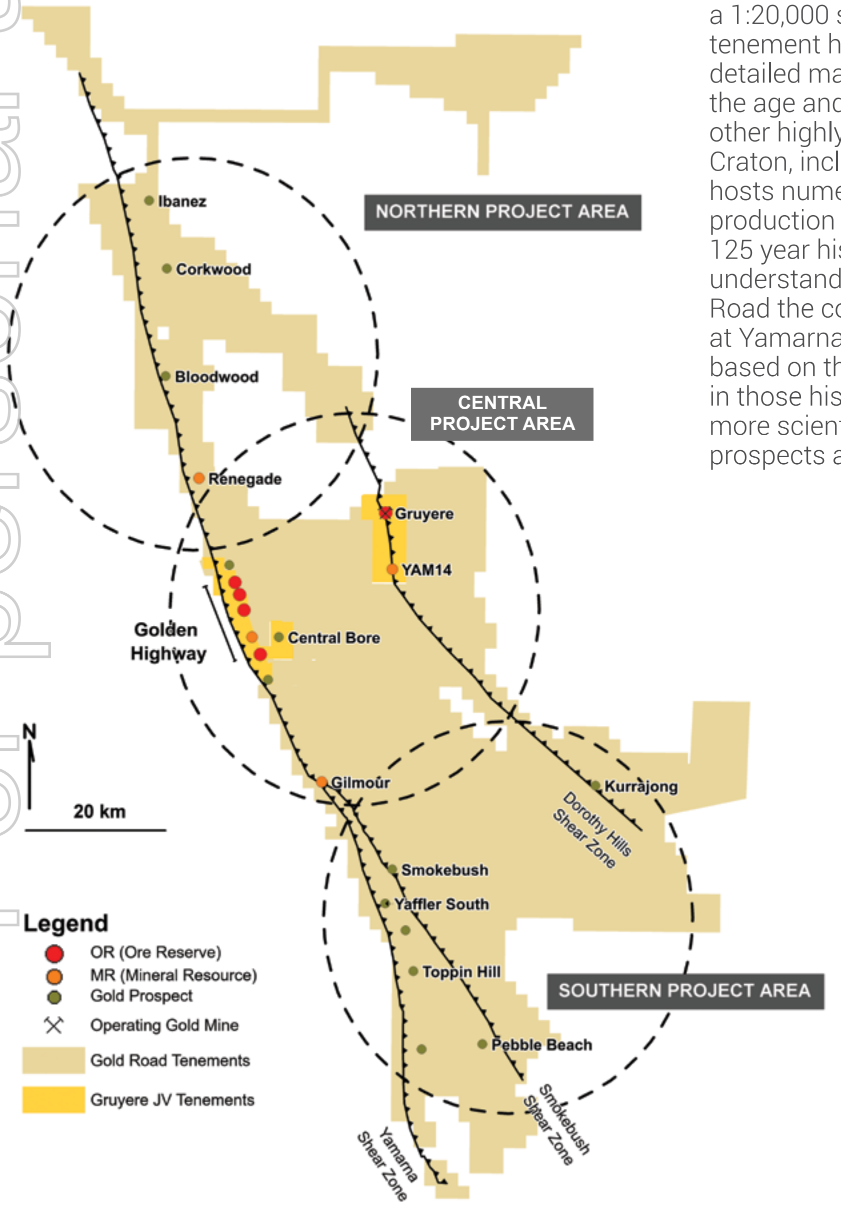
At the end of December, ore stockpiles totalled 3.3 Mt including 0.5 Mt at 1.23 g/t gold Run-Of-Mine (ROM) scheduled for processing during 2020. Low-grade material totalling 2.9 Mt at 0.62 g/t gold was stockpiled and included additional ore tonnages identified via grade control definition adjacent to and contiguous with resource modelled ore blocks. Ore processed since maiden gold in June totalled 3.3 Mt at a mill head grade of 1.05 g/t, achieving a gold recovery of 93.3%. Gold recovery on the oxide and transition ores processed slightly exceeded feasibility test-work results.

Mining and processing operations at Gruyere continue 24 hours a day, with personnel working 12 hour shifts and mostly engaged on family-friendly 8:6 rosters. Gruyere employs a permanent workforce of approximately 250 men and women, serviced predominantly by bi-weekly flights from Perth.

Discovery

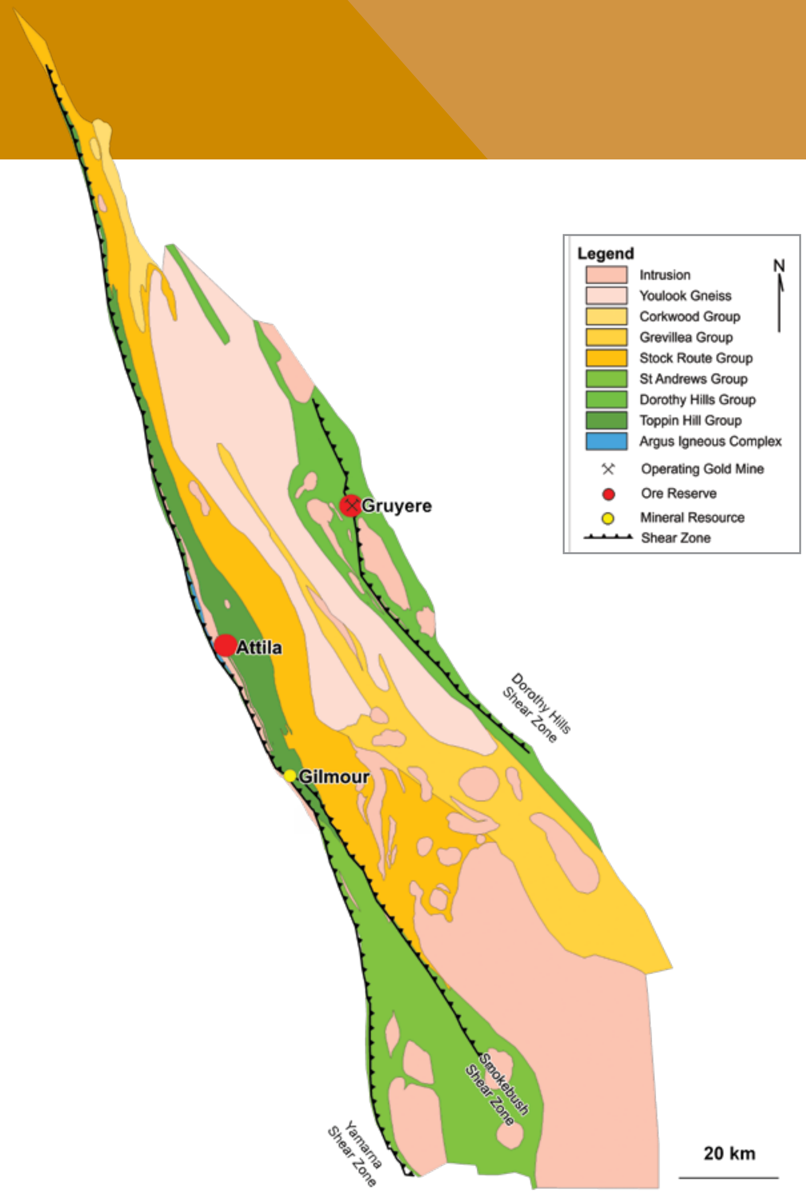
Gold Road's strategic objective is to create shareholder wealth by the development of a second gold mine based on successful exploration.

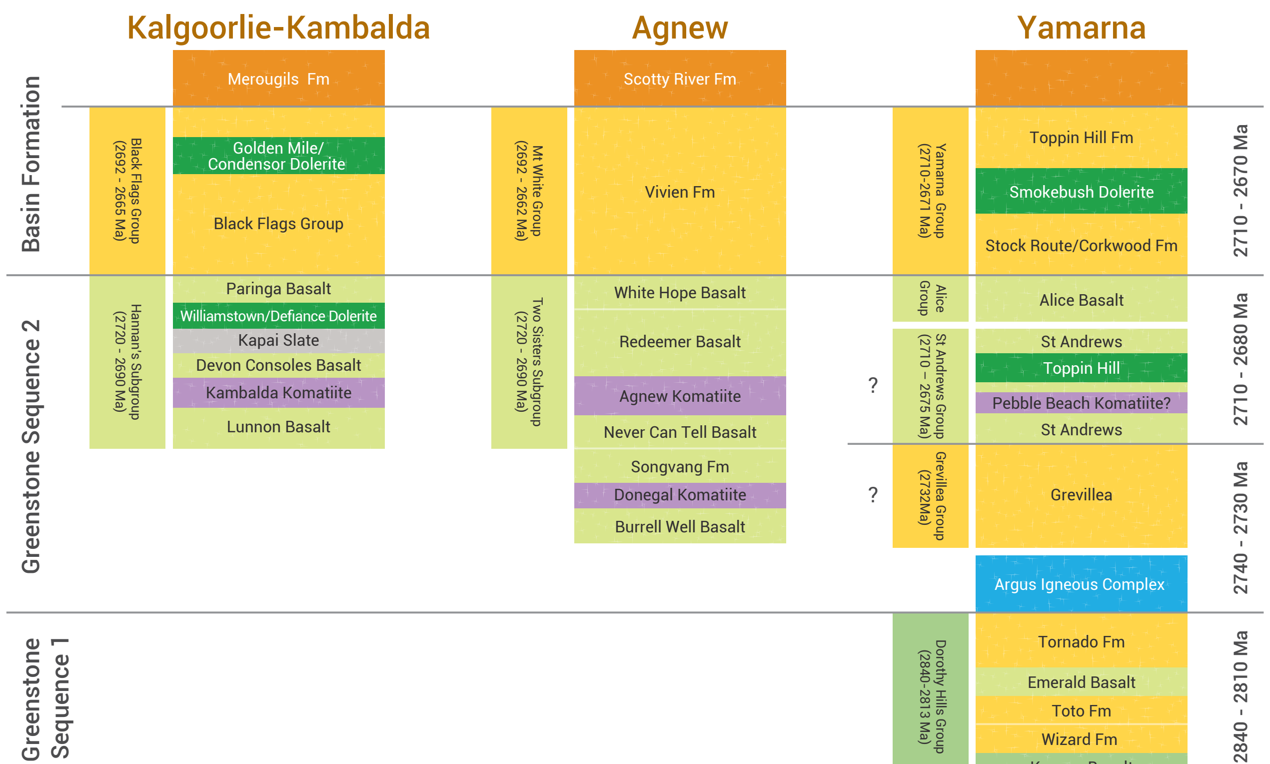
Gold Road's primary exploration focus is on the Yamarna Greenstone Belt, which hosts the Gruyere operation. The Company holds interests in tenements covering approximately 4,500 square kilometres and a strike length in excess of 180 kilometres, providing access to one of the most highly prospective yet under-explored greenstone belts in Western Australia. The majority of the Yamarna tenements are outside of the Gruyere JV and 100% owned by Gold Road.



In 2019, Gold Road invested $23 million (100% basis) on exploring the Yamarna Belt through activities that included drilling, geochemical sampling, detailed gravity surveys, and desktop analysis. Gold Road drilled 43 diamond, 102 reverse circulation (RC) and 938 aircore holes for a total of 87,505 metres. Approximately 5,421 metres of aircore and 910 metres of diamond drilling was co-funded by the Government of Western Australia's Exploration Incentive Scheme.

During 2019 Gold Road compiled the first-ever detailed, age-constrained stratigraphic model for the Yamarna Belt. The new stratigraphic classification and advanced geophysical interpretations underpin a 1:20,000 scale geological map over the entire tenement holding. The importance of compiling detailed mapping and stratigraphy is to compare the age and composition of rock formations with other highly gold-endowed terranes in the Yilgarn Craton, including the Kalgoorlie-Norseman Belt that hosts numerous gold mines and prolific historical production of more than 160 million ounces over a 125 year history of mining. The new comprehensive understanding of the Yamarna geology provides Gold Road the confidence that the endowment potential at Yamarna can be similar to the other prolific belts based on the field size distribution of gold deposits in those historic mining districts. This enables more scientific and cost-effective targeting of gold prospects across the Yamarna Belt.





Stratigraphic Column not to scale

Yamarna Gold Targets

Drawing on the new understanding of the Yamarna geology, and application of Mineral Systems targeting models, the Gold Road team has updated the target Pipeline Portfolio and ranked the prospects for exploration prioritisation. Exploration activity will be focused on the highest-ranking projects with greatest probability of identifying the resources required to support a new mining operation.

Based on review of projects in late 2019 the Yamarna exploration programme for 2020 will focus attention on a series of high-quality targets, predominantly in the Southern Project Area.

Project Milestones

GREATER RISK

Target Generated
Milestone 1
Anomaly Definition

Anomaly Generated
Milestone 2
Framework Drilling

Target Defined
Milestone 3
Definition Drilling

Mineral Resource
Milestone 4
Definition Drilling + Studies

Ore Reserve
Milestone 5
Grade Control + Studies

Mining Project

GREATER CONFIDENCE

Southern Project Area (100%)

In the Southern Project Area, Gold Road prioritised several high-quality targets, primarily at the Gilmour and Morello prospects. Gilmour was targeted successfully with aircore drilling in late 2015. Follow-up bedrock drilling intersected primary shear-hosted gold mineralisation in late 2017, followed by framework definition drilling in 2018 and resource drilling in the first half of 2019.

In December, Gold Road declared a Maiden Mineral Resource at Gilmour of 2.6 Mt at 3.09 g/t for 258,400 ounces, incorporating both open pit and underground components. Initial metallurgical test-work indicated potential recoveries ranging from 89% to 99%, with 28% to 82% of the gold recovered by gravity separation. This represents the first Yamarna mineral resource declared outside of the Gruyere JV area and forms a small part of the greater Gilmour and Morello mineral system, which will be further assessed in 2020.

Northern Project Area (100%)

At the Renegade Deposit an updated Mineral Resource on an historic deposit (Khan North) was declared totalling 0.9 Mt at 1.3 g/t Au for 39,200 ounces.

Gruyere JV Exploration (50%)

Exploration in the Gruyere JV included an 11,000 metre diamond and RC drilling programme designed to extend the Indicated Resource below the current Ore Reserve pit design and delineate the limits of mineralisation at the southern and northern extremities of the Gruyere Deposit. The 21 hole campaign confirmed the continuity of the Gruyere mineralisation as observed in the open pit and previous drill programmes.

In line with the drilling programme objectives, substantial conversion of Inferred Resource inventory resulted in a 29% increase in the Measured and Indicated Mineral Resources at Gruyere.

Other Growth Opportunities

In addition to its primary focus on the Yamarna Greenstone Belt, Gold Road progressed the Cygnus Gold JV, in WA's south, with Cygnus Gold Ltd (ASX: CY5) and assessed other business and corporate opportunities to enhance its gold growth pipeline and deliver value for shareholders.

On completing the minimum expenditure commitments for the Cygnus Wadderin JV, Gold Road elected to withdraw from the project in December 2019. The Company retained its 75% interest in the Yandina JV and maintained the right to earn a 75% interest in the Lake Grace JV, which is expected to be achieved in early 2020. Gold Road and Cygnus are finalising work programmes and budgets for 2020, with Gold Road set to take over management of the exploration activities in the June 2020 quarter.

2020 Outlook

Gold Road has an exploration budget of $26 million (100% basis), spread across all the Company's exploration areas.

The priority focus in 2020 is on progressing the 10 highest ranked targets across the Yamarna Belt, most of which occur in the Southern Project Area. This includes aircore, geochemical and diamond stratigraphic drilling on the Savoie, Hirono, and Goat-Redback Prospect areas, which all show compelling structural targets coincident with favourable stratigraphic units. Other high-ranking targets that will be tested include Central Bore South in the Central Yamarna area, and follow-up work in the more advanced Yaffler South and Gilmour areas. Almost $18 million is planned to fund 139,000 metres of drilling and complete additional detailed geophysical programmes to further support the continual targeting and interpretive process.

Of the total budget, $2.4 million (Gold Road's share $1.2 million) is earmarked for the Gruyere JV Project where 15,000 metres of planned drilling will target new discoveries along the Dorothy Hills Shear Zone trend that extends for almost 10 kilometres to the south on the Gruyere mining operation.

With activity on the Cygnus JV projects increasing, a large aircore programme has been planned for the Hammerhead target, where gold anomalism was identified in 2019. Over 20,000 metres is planned to be drilled with additional follow-up drilling (up to 14,000 metres) dependent on success.

The final component of the Discovery and Growth budget is dedicated to a new Technical Geology Hub based in Perth that will provide specialist geological and data processing expertise to the exploration projects. Additionally, this team will apply dedicated Project Generation and Business Development capacity to these important strategic Growth areas for the Company

The 2020 exploration budget cements Gold Road's position as Australia's – and one of the world's – leading greenfields gold explorer.

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Annual Mineral Resource and Ore Reserves

Yamarna Ore Reserve Estimate

The Annual Ore Reserve[4] has been compiled in accordance with the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (The JORC Code 2012 Edition), Chapter 5 of the ASX Listing Rules and ASX Guidance Note 31.

The Ore Reserves are reported on a 100% basis at a $1,600 per ounce gold price (Tables 1 and 2), and are derived from the Gruyere and Golden Highway Deposits which include Attila, Alaric, Argos and Montagne, all of which are within the Gruyere JV tenements. The Ore Reserve totals **93.38 million tonnes at 1.24 g/t Au for 3.72 million ounces of gold**[5]. An Ore Reserve decrease of 197,000 ounces (-5%) from the previous Ore Reserve at December 2018 is primarily due to depletion at Gruyere and changes to the resource model realised during 2019. The Gruyere estimate is based on parameters from ongoing operational studies, while the Golden Highway estimate is based on Pre-Feasibility Studies (PFS) completed by Gold Road and remains unchanged from the 2018 estimate.

The pit design for reporting the Gruyere Ore Reserve is unchanged from the previous reserve statement, with the Reserve being reported from the new resource model. Consequently, the pit design is not fully optimised for the latest model.

An updated evaluation of the Ore Reserve will be completed through 2020-21 utilising the new Mineral Resource, updated mining and processing information based on actual performance, and geotechnical and metallurgical data derived from ongoing studies.

The Ore Reserves are estimated from their respective Mineral Resources after consideration of the level of confidence and by taking account of material and relevant modifying factors. The Proved Ore Reserve estimate is based on the Measured Mineral Resources. The Probable Ore Reserve estimate is based on the Indicated Mineral Resources. No Inferred Mineral Resources have been included in the Ore Reserve.

Table 1: *Year on year Ore Reserve comparison (total Proved and Probable categories)*

	Ore Reserve - December 2019			Previous Ore Reserve - December 2018		
Project Name	**Tonnes (Mt)**	**Grade (g/t Au)**	**Contained Metal (Moz Au)**	**Tonnes (Mt)**	**Grade (g/t Au)**	**Contained Metal (Moz Au)**
Gruyere JV						
Gruyere	86.84	1.22	3.41	90.65	1.24	3.61
Golden Highway Total	6.54	1.46	0.31	6.54	1.46	0.31
Attila	3.61	1.54	0.18	3.61	1.54	0.18
Alaric	0.99	1.44	0.05	0.99	1.44	0.05
Montagne	1.50	1.37	0.07	1.50	1.37	0.07
Argos	0.44	1.26	0.02	0.44	1.26	0.02
Total 100% Basis	**93.38**	**1.24**	**3.72**	**97.20**	**1.25**	**3.92**
Gold Road 50% Attributable	**46.69**	**1.24**	**1.86**	**48.60**	**1.25**	**1.96**

4 ASX announcement dated 12 February 2020

5 Mineral Resource, Ore Reserves and production guidance are reported on a 100% basis unless otherwise specified, the Gruyere JV is 50% attributable to Gold Road and 50% attributable to Gold Fields

Table 2: *Ore Reserve Estimate - December 2019*

	Gruyere Joint Venture - 100% basis			Gold Road - 50%		
Project Name / Category	**Tonnes (Mt)**	**Grade (g/t Au)**	**Contained Metal (Moz Au)**	**Tonnes (Mt)**	**Grade (g/t Au)**	**Contained Metal (Moz Au)**
Gruyere Total	**86.84**	**1.22**	**3.41**	**43.42**	**1.22**	**1.71**
Proved	14.40	1.05	0.49	7.20	1.05	0.24
Probable	72.44	1.26	2.93	36.22	1.26	1.46
Golden Highway Total	**6.54**	**1.46**	**0.31**	**3.27**	**1.46**	**0.15**
Proved	0.32	1.67	0.02	0.16	1.67	0.01
Probable	6.22	1.45	0.29	3.11	1.45	0.15
Total	**93.38**	**1.24**	**3.72**	**46.69**	**1.24**	**1.86**
Proved	14.73	1.06	0.50	7.36	1.06	0.25
Probable	78.66	1.27	3.22	39.33	1.27	1.61

Notes- Tables 1 and 2:

- *All Ore Reserves are completed in accordance with the 2012 JORC Code Edition*
- *All figures are rounded to reflect appropriate levels of confidence. Apparent differences may occur due to rounding. All dollar amounts are in Australian dollars unless otherwise stated*
- *The Gruyere JV is a 50:50 joint venture between Gold Road and Gruyere Mining Company Pty Limited, a wholly owned Australian subsidiary of Gold Fields Limited. Figures are reported on a 100% basis unless otherwise specified, 50% is attributable to Gold Road*
- *Gold Road holds an uncapped 1.5% net smelter return royalty on Gold Field's share of production from the Gruyere JV once total gold production exceeds 2 million ounces*
- *The Ore Reserves are constrained within a A$1,600/oz mine design derived from mining, processing and geotechnical parameters as defined by PFS and operational studies*
- *The Ore Reserve is evaluated using variable cut-off grades: Gruyere - 0.30 g/t Au, Attila - 0.65 g/t Au (fresh), 0.58 g/t Au (transition), 0.53 g/t Au (oxide). Alaric - 0.59 g/t Au (fresh), 0.56 g/t Au (transition), 0.53 g/t Au (oxide), Montagne - 0.64 g/t Au (fresh), 0.60 g/t Au (transition), 0.58 g/t Au (oxide), Argos - 0.66 g/t Au (fresh), 0.64 g/t Au (transition), 0.59 g/t Au (oxide)*
- *Ore block tonnage dilution and mining recovery estimates: Gruyere - 7% and 98%. Attila - 14% and 97%. Alaric - 20% and 94%. Montagne – 9% and 93%. Argos 10% and 88%*
- *Gruyere Proved category includes Surface Stockpiles. Ore Reserves are depleted for mining*

Mineral Resource Estimate

The Annual Mineral Resource[6] has been compiled in accordance with the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (The JORC Code 2012 Edition), Chapter 5 of the ASX Listing Rules and ASX Guidance Note 31.

As at December 2019, the total Mineral Resource for the Gruyere JV stands at **153.76 million tonnes at 1.34 g/t Au for 6.62 million ounces** and the Gold Road Attributable Mineral Resource stands at **80.4 million tonnes at 1.40 g/t Au for 3.61 million ounces.**

The Mineral Resource is derived from the Gruyere Deposit, the Golden Highway Deposits, YAM14 and Central Bore underground, all of which are within the Gruyere JV; and Gold Road's 100% owned Gilmour open pit and underground resources and the Renegade open pit resource. The Gruyere Mineral Resource increased marginally by 10,000 ounces after depletion to 137.95 million tonnes at 1.31 g/t Au for 5.79 million ounces. The increase results from an updated geology model following resource conversion drilling completed during the year.

Mineral Resources are reported on a 100% basis and are constrained within optimised pit shells or underground stope shapes based on a $1,850 per ounce gold price and deposit-specific modifying factors and cut-off grades.

Table 3: *Year on year Mineral Resource comparison (total Measured, Indicated and Inferred categories)*

	Mineral Resource - December 2019			Mineral Resource - December 2018		
Project Name	**Tonnes (Mt)**	**Grade (g/t Au)**	**Contained Metal (Moz Au)**	**Tonnes (Mt)**	**Grade (g/t Au)**	**Contained Metal (Moz Au)**
Gruyere JV						
Gruyere	137.95	1.31	5.79	139.56	1.29	5.78
YAM14	0.85	1.21	0.03	0.85	1.21	0.03
Central Bore UG	0.24	13.05	0.10	0.24	13.05	0.10
Golden Highway Total	14.72	1.47	0.70	14.72	1.47	0.70
Attila	5.95	1.62	0.31	5.95	1.62	0.31
Orleans	1.01	1.64	0.05	1.01	1.64	0.05
Argos	2.17	1.20	0.08	2.17	1.20	0.08
Montagne	3.21	1.26	0.13	3.21	1.26	0.13
Alaric	2.38	1.53	0.12	2.38	1.53	0.12
Total Gruyere JV 100% Basis	**153.76**	**1.34**	**6.62**	**155.37**	**1.32**	**6.61**
Total Gold Road 50% Attributable	76.88	1.34	3.31	77.69	1.32	3.31
Gold Road						
Renegade	0.93	1.30	0.04			
Gilmour OP	1.82	2.21	0.13			
Gilmour UG	0.78	5.13	0.13			
Total Gold Road 100% Owned	**3.53**	**2.62**	**0.30**			
Gold Road Attributable Total Gold Road	**80.41**	**1.40**	**3.61**	**77.69**	**1.32**	**3.31**

6 ASX announcement dated 12 February 2020

***Table 4:** Mineral Resource Estimate – December 2019*

Project Name / Category	Gruyere Joint Venture - 100% basis			Gold Road Attributable		
	Tonnes (Mt)	Grade (g/t Au)	Contained Metal (Moz Au)	Tonnes (Mt)	Grade (g/t Au)	Contained Metal (Moz Au)
Gruyere Total	137.95	1.31	5.79	68.97	1.31	2.90
Measured	14.55	1.09	0.51	7.27	1.09	0.26
Indicated	118.19	1.33	5.05	59.10	1.33	2.52
Measured and Indicated	132.74	1.30	5.56	66.37	1.30	2.78
Inferred	5.21	1.39	0.23	2.61	1.39	0.12
Golden Highway + YAM14 Total	15.57	1.46	0.73	7.78	1.46	0.36
Measured	0.29	1.99	0.02	0.14	1.99	0.01
Indicated	11.33	1.48	0.54	5.67	1.48	0.27
Measured and Indicated	11.62	1.50	0.56	5.81	1.50	0.28
Inferred	3.95	1.33	0.17	1.98	1.33	0.08
Central Bore UG	0.24	13.05	0.10	0.12	13.05	0.05
Measured	-	-	-	-	-	-
Indicated	-	-	-	-	-	-
Measured and Indicated	-	-	-	-	-	-
Inferred	0.24	13.05	0.10	0.12	13.05	0.05
Total Gruyere Joint Venture	**153.76**	**1.34**	**6.62**	**76.88**	**1.34**	**3.31**
Measured	14.84	1.11	0.53	7.42	1.11	0.26
Indicated	129.52	1.34	5.59	64.76	1.34	2.79
Measured and Indicated	144.36	1.32	6.12	72.18	1.32	3.06
Inferred	9.40	1.66	0.50	4.70	1.66	0.25
Renegade	-	-	-	0.93	1.30	0.04
Measured	-	-	-	-	-	-
Indicated	-	-	-	-	-	-
Measured and Indicated	-	-	-	-	-	-
Inferred	-	-	-	0.93	1.30	0.04
Gilmour OP	-	-	-	1.82	2.21	0.13
Measured	-	-	-	-	-	-
Indicated	-	-	-	0.42	5.81	0.08
Measured and Indicated	-	-	-	0.42	5.81	0.08
Inferred	-	-	-	1.40	1.13	0.05
Gilmour UG	-	-	-	0.78	5.13	0.13
Measured	-	-	-	-	-	-
Indicated	-	-	-	0.30	4.33	0.04
Measured and Indicated	-	-	-	0.30	4.33	0.04
Inferred	-	-	-	0.49	5.62	0.09
Total Gold Road 100% Owned	**-**	**-**	**-**	**3.53**	**2.62**	**0.30**
Measured	**-**	**-**	**-**	**-**	**-**	**-**
Indicated	**-**	**-**	**-**	**0.72**	**5.20**	**0.12**
Measured and Indicated	**-**	**-**	**-**	**0.72**	**5.20**	**0.12**
Inferred	**-**	**-**	**-**	**2.82**	**1.96**	**0.18**
Total Gold Road Attributable	**-**	**-**	**-**	**80.41**	**1.40**	**3.61**
Measured	**-**	**-**	**-**	**7.42**	**1.11**	**0.26**
Indicated	**-**	**-**	**-**	**65.48**	**1.38**	**2.91**
Measured and Indicated	**-**	**-**	**-**	**72.90**	**1.36**	**3.18**
Inferred	**-**	**-**	**-**	**7.52**	**1.77**	**0.43**

Notes: – Tables 3 and 4

- *All Mineral Resources are completed in accordance with the JORC Code 2012 Edition*
- *All figures are rounded to reflect appropriate levels of confidence. Apparent differences may occur due to rounding. All dollar amounts are in Australian dollars unless otherwise stated*
- *Mineral Resources are inclusive of Ore Reserves. Gruyere Measured category includes Surface Stockpiles. Mineral Resources are depleted for mining*
- *The Gruyere JV is a 50:50 joint venture between Gold Road and Gruyere Mining Company Pty Ltd, a wholly owned Australian subsidiary of Gold Fields Limited. Figures are reported on a 100% basis unless otherwise specified, 50% is attributable to Gold Road*
- *All Open Pit Mineral Resources are reported at various cut-off grades allowing for processing costs, recovery and haulage to the Gruyere Mill. Gruyere - 0.37 g/t Au. Attila, Argos, Montagne, Orleans, and Alaric - 0.50 g/t Au. YAM14 – 0.40 g/t Au. Gilmour - 0.5 g/t Au. Renegade - 0.5 g/t Au*
- *All Open Pit Mineral Resources are constrained within a A$1,850/oz optimised pit shell derived from mining, processing and geotechnical parameters from ongoing PFS and operational studies*
- *Underground Mineral Resources at Central Bore and Gilmour are constrained by 1.5 metre and 2.5 metre minimum stope widths respectively that are optimised to a 3.5 g/t Au cut-off reflective of a A$1,850/oz gold price. Diluted tonnages and grades are reported based on minimum stope widths*

Exploration Results

The information in this report which relates to Exploration Results is based on information compiled by Mr Justin Osborne, Executive Director-Exploration and Growth for Gold Road. Mr Osborne is an employee of Gold Road, and a Fellow of the Australasian Institute of Mining and Metallurgy (FAusIMM 209333). Mr Osborne is a shareholder and a holder of Performance Rights. 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 Mark Roux. Mr Roux is an employee of Gold Fields Australia, is a Member of the Australasian Institute of Mining and Metallurgy (MAusIMM 324099) and is registered as a Professional Natural Scientist (400136/09) with the South African Council for Natural Scientific Professions. Mr Justin Osborne, Executive Director-Exploration and Growth for Gold Road and Mr John Donaldson, Principal Resource Geologist for Gold Road have endorsed the Mineral Resource for Gruyere on behalf of Gold Road.

Mr Osborne is an employee of Gold Road and a Fellow of the Australasian Institute of Mining and Metallurgy (FAusIMM 209333). Mr Osborne is a shareholder and a holder of Performance Rights.

Mr Donaldson is an employee of Gold Road and a Member of the Australian Institute of Geoscientists and a Registered Professional Geoscientist (MAIG RPGeo Mining 10147). Mr Donaldson is a shareholder and a holder of Performance Rights.

The information in this report that relates to the Mineral Resource estimation for Attila, Orleans, Argos, Montagne, Alaric, YAM14, Central Bore, Gilmour and Renegade is based on information compiled by Mr Justin Osborne, Executive Director-Exploration and Growth for Gold Road, Mr John Donaldson, Principal Resource Geologist for Gold Road and Mrs Jane Levett, previously employed by Gold Road.

Mrs Levett is a Member of the Australasian Institute of Mining and Metallurgy and a Chartered Professional (MAusIMM CP 112232).

Messrs Roux, 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 Roux, 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.

Ore Reserves

The information in this report that relates to the Ore Reserve estimation for Gruyere is based on information compiled by Ms Fiona Phillips. Ms Phillips is an employee of Gold Fields Australia and a Member of the Australasian Institute of Mining and Metallurgy (MAusIMM 112538). Mr Max Sheppard, Principal Mining Engineer for Gold Road has endorsed the Ore Reserve estimation for Gruyere on behalf of Gold Road.

Mr Sheppard is an employee of Gold Road and is a Member of the Australasian Institute of Mining and Metallurgy (MAusIMM 106864).

The information in this report that relates to the Ore Reserve estimation for Attila, Argos, Montagne and Alaric, is based on information compiled by Mr Max Sheppard, Principal Mining Engineer for Gold Road.

Ms Phillips and Mr Sheppard have 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'. Ms Phillips and Mr Sheppard consent to the inclusion in this announcement of the matters based on this 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. The Company confirms that the form and context in which the Competent Person's findings are presented have not materially changed from the original market announcement

YAMARNA (100%)

Tenement Number	Licence Type	Status
E38/1083	Exploration	Granted
E38/1388	Exploration	Granted
E38/1858	Exploration	Granted
E38/1931	Exploration	Granted
E38/1964	Exploration	Granted
E38/2178	Exploration	Granted
E38/2235	Exploration	Granted
E38/2236	Exploration	Granted
E38/2249	Exploration	Granted
E38/2250	Exploration	Granted
E38/2291	Exploration	Granted
E38/2292	Exploration	Granted
E38/2293	Exploration	Granted
E38/2294	Exploration	Granted
E38/2319	Exploration	Granted
E38/2325	Exploration	Granted
E38/2326	Exploration	Granted
E38/2355	Exploration	Granted
E38/2356	Exploration	Granted
E38/2362	Exploration	Granted
E38/2363	Exploration	Granted
E38/2415	Exploration	Granted
E38/2446	Exploration	Granted
E38/2447	Exploration	Granted
E38/2507	Exploration	Granted
E38/2513	Exploration	Granted

Tenement Number	Licence Type	Status
E38/2529	Exploration	Granted
E38/2531	Exploration	Granted
E38/2735	Exploration	Granted
E38/2766	Exploration	Granted
E38/2794	Exploration	Granted
E38/2797	Exploration	Granted
E38/2798	Exploration	Granted
E38/2836	Exploration	Granted
E38/2913	Exploration	Granted
E38/2917	Exploration	Granted
E38/2931	Exploration	Granted
E38/2932	Exploration	Granted
E38/2944	Exploration	Granted
E38/2964	Exploration	Granted
E38/2965	Exploration	Granted
E38/2967	Exploration	Granted
E38/2968	Exploration	Granted
E38/2987	Exploration	Granted
E38/3041	Exploration	Granted
E38/3104	Exploration	Granted
E38/3105	Exploration	Granted
E38/3106	Exploration	Granted
E38/3207	Exploration	Granted
E38/3221	Exploration	Granted
E38/3222	Exploration	Granted
E38/3223	Exploration	Granted

Tenement Number	Licence Type	Status
E38/3248	Exploration	Granted
E38/3262	Exploration	Granted
E38/3266	Exploration	Granted
E38/3267	Exploration	Granted
E38/3268	Exploration	Granted
E38/3269	Exploration	Application
E38/3275	Exploration	Granted
E38/3276	Exploration	Granted
E38/3284	Exploration	Granted
E38/3285	Exploration	Granted
E38/3287	Exploration	Granted
E38/3334	Exploration	Granted
E38/3410	Exploration	Application
E38/3411	Exploration	Application
L38/236	Miscellaneous	Granted
P38/4193	Prospecting	Granted
P38/4194	Prospecting	Granted
P38/4196	Prospecting	Granted
P38/4197	Prospecting	Granted
P38/4198	Prospecting	Granted
P38/4399	Prospecting	Granted
P38/4400	Prospecting	Granted
P38/4436	Prospecting	Granted
P38/4487	Prospecting	Application
P38/4488	Prospecting	Application

GRUYERE JV

Tenement Number	Licence Type	Status
M38/435	Mining	Granted
M38/436	Mining	Granted
M38/437	Mining	Granted
M38/438	Mining	Granted
M38/439	Mining	Granted
M38/788	Mining	Granted
M38/814	Mining	Granted
M38/841	Mining	Granted
M38/1178	Mining	Granted
M38/1179	Mining	Granted
M38/1255	Mining	Granted
M38/1267	Mining	Granted
M38/1279	Mining	Application
L38/186	Miscellaneous	Granted
L38/210	Miscellaneous	Granted
L38/227	Miscellaneous	Granted
L38/230	Miscellaneous	Granted
L38/235	Miscellaneous	Granted
L38/250	Miscellaneous	Granted
L38/251	Miscellaneous	Granted
L38/252	Miscellaneous	Granted
L38/253	Miscellaneous	Granted
L38/254	Miscellaneous	Granted

Tenement Number	Licence Type	Status
L38/255	Miscellaneous	Granted
L38/256	Miscellaneous	Granted
L38/259	Miscellaneous	Granted
L38/260	Miscellaneous	Granted
L38/266	Miscellaneous	Granted
L38/267	Miscellaneous	Granted
L38/268	Miscellaneous	Granted
L38/269	Miscellaneous	Granted
L38/270	Miscellaneous	Granted
L38/271	Miscellaneous	Granted
L38/272	Miscellaneous	Granted
L38/273	Miscellaneous	Granted
L38/274	Miscellaneous	Granted
L38/275	Miscellaneous	Granted
L38/276	Miscellaneous	Granted
L38/278	Miscellaneous	Granted
L38/279	Miscellaneous	Granted
L38/280	Miscellaneous	Granted
L38/281	Miscellaneous	Granted
L38/282	Miscellaneous	Granted
L38/283	Miscellaneous	Granted
L38/284	Miscellaneous	Granted

Tenement Number	Licence Type	Status
L38/285	Miscellaneous	Granted
L38/286	Miscellaneous	Granted
L38/293	Miscellaneous	Granted
L38/294	Miscellaneous	Granted
L38/295	Miscellaneous	Granted
L38/296	Miscellaneous	Granted
L38/297	Miscellaneous	Granted
L38/298	Miscellaneous	Granted
L38/299	Miscellaneous	Granted
L38/300	Miscellaneous	Granted
L38/301	Miscellaneous	Granted
L38/302	Miscellaneous	Granted
L38/303	Miscellaneous	Granted
L38/304	Miscellaneous	Granted
L38/305	Miscellaneous	Granted
L38/306	Miscellaneous	Granted
L38/307	Miscellaneous	Granted
L38/309	Miscellaneous	Granted
L38/310	Miscellaneous	Granted
L38/311	Miscellaneous	Granted
P38/4401	Prospecting	Granted
P38/4478	Prospecting	Granted

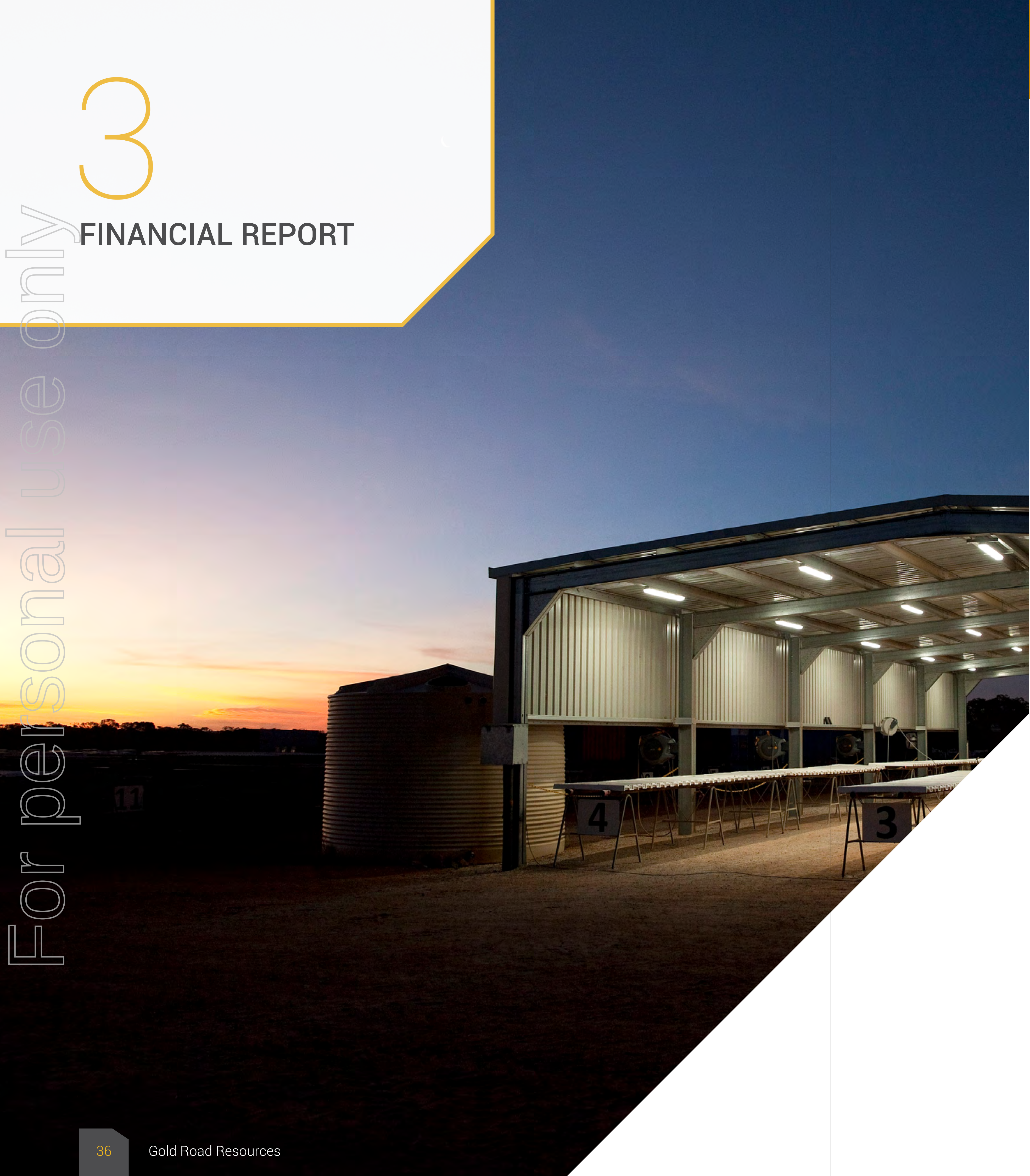
CYGNUS JV

YANDINA JV – Tenement		
Tenement Number	Licence Type	Status
E70/5098	Exploration	Granted
E70/5099	Exploration	Granted
E70/5100	Exploration	Granted
E70/5101	Exploration	Granted
E70/5230	Exploration	Granted
E70/5231	Exploration	Granted
E70/5232	Exploration	Granted

LAKE GRACE - Tenement		
Tenement Number	Licence Type	Status
E70/4853	Exploration	Granted
E70/4855	Exploration	Granted
E70/4991	Exploration	Granted
E70/5017	Exploration	Granted
E70/5188	Exploration	Granted
E70/5251	Exploration	Application

Notes: *Tenement listing as at 31 December 2019. Gold Road holds interests in the following tenements:*

- ***Yamarna*** *– 100% owner;*
- ***Gruyere JV*** *- 50% owner (50% held by Gold Fields Ltd);*
- ***Yandina JV*** *- 75% interest (25% held by Cygnus Gold); and* ***Lake Grace JV*** *- 51% interest (49% held by Cygnus Gold) and earning up to a 75% interest.*



3 FINANCIAL REPORT

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The Directors present their report on Gold Road for the year ended 31 December 2019.

Directors

The names and details of the Directors of Gold Road during the year and until the date of this report, unless otherwise indicated, are:

Timothy Netscher	Non-executive Chairman
Duncan Gibbs	Managing Director and CEO
Justin Osborne	Executive Director - Discovery and Growth
Sharon Warburton	Non-executive Director
Brian Levet	Non-executive Director

TIMOTHY NETSCHER

Non-executive Chairman

Mr Netscher was appointed on 1 September 2014 as Non-executive Director and as Non-executive Chairman on 1 July 2016.

Mr Netscher is an experienced chairman and director of public and private company boards. He has previously been an Executive Director of four different public companies, operating in three different international jurisdictions, as well as being Chairman of a large privately held global mining services company. He has also been a board member of various Industry Bodies in Australia.

His key executive positions during the past 25 years include Managing Director and CEO of Gindalbie Metals Limited, Senior Vice President, Asia Pacific of Newmont Inc, Managing Director of Vale Coal Australia, President of PT Inco and Executive Director Refining and New Business of Impala Platinum Limited.

He is an experienced international mining executive, with extensive operational, project development, transactional, marketing and sustainability experience gained in senior executive and board roles over many years.

Mr Netscher's experience covers a wide range of different commodities, including platinum group metals, nickel, coal, iron ore, uranium and gold in Africa, North and South America, Asia and Australia.

He holds a Bachelor of Science – Chemical Engineering, a Bachelor of Commerce and an MBA. He is a Fellow of The Institution of Chemical Engineers, a Member of The Australian Institute of Company Directors and a Chartered Engineer.

Committee memberships:

Remuneration & Nomination Committee (Member)
Audit & Risk Committee (Member)

Other Current Directorships: Non-executive Chairman St Barbara Limited

- Member of Audit & Risk Committee
- Member of Health, Safety, Environment & Community Committee
- Member of Remuneration & Nomination Committee
- Member of Business Development & Growth Committee

Non-executive Director Western Areas Limited

- Chairman of Remuneration Committee
- Member of Audit & Risk Committee

Former Directorships (in last 3 years): Non-executive Chairman Toro Energy Limited (November 2015 to September 2016)

DUNCAN GIBBS

Managing Director and CEO (Appointed 17 September 2018)

Mr Gibbs was appointed on 17 September 2018 as Managing Director and Chief Executive Officer.

Mr Gibbs joined Gold Road with over 30 years of field and management experience covering all aspects of the mining and exploration process in Australia through senior and executive positions held with AngloGold Ashanti, Acacia and Shell/Billiton.

Previously Mr Gibbs held management and executive roles at AngloGold Ashanti including most recently General Manager at Sunrise Dam, one of the largest underground gold mines in Australia.

Prior to this Mr Gibbs headed the AngloGold Ashanti, Australasia Exploration team to the >8 Moz Tropicana discovery and acquired the dominant ground position in a new Australian gold province. As Tropicana evolved, he managed the prefeasibility and feasibility study teams for the project as the Vice President, and later on was appointed General Manager of Tropicana Gold Mine following project approval by the JV partners and regulators in late 2010.

Mr Gibbs is a Member of the Australasian Institute of Mining and Metallurgy, Graduate of the Australian Institute of Company Directors, and holds a Bachelor of Science (Honours), Geology.

Committee memberships:

Investment Committee (Member)

Other Current Directorships: None
Former Directorships (in last 3 years): None

JUSTIN OSBORNE

Executive Director – Discovery and Growth

Mr Osborne joined the Company in October 2013 and was appointed Executive Director - Exploration and Growth on 1 January 2015.

Mr Osborne brings to Gold Road a wealth of exploration experience in multiple commodities including gold, copper and base metals. He has over 30 years of field and management experience covering all aspects of the mining and exploration process in Australia and internationally through senior positions held with Gold Fields Ltd and WMC Resources Ltd. Mr Osborne commenced with Gold Road in 2013 and played a pivotal role in the rapid and effective discovery and resource development of the world class Gruyere Deposit which is now in production.

Previously Mr Osborne held numerous executive roles on the exploration executive team of Gold Fields Ltd, including Exploration Manager- Australia, Vice President Development Strategy - Growth and International Projects, and General Manager Near Mine Exploration covering all international mining operations. He was directly involved with several significant gold and PGE discoveries and reserve additions during this time.

He is a Fellow of the Australasian Institute of Mining and Metallurgy, a Member of the Society of Economic Geologists, a Member of the Australian Institute of Company Directors, and holds a Bachelor of Science, Honours (First Class) from La Trobe University of Victoria.

Committee memberships:

Investment Committee (Member)

Other Current Directorships: None
Former Directorships (in last 3 years): None

SHARON WARBURTON

Non-executive Director

Ms Warburton was appointed on 9 May 2016 as Non-executive Director. She is Chair of the Audit & Risk Committee and a member of the Remuneration & Nomination Committee.

Ms Warburton has extensive experience in the mining, infrastructure and construction sectors. She gained substantial operational, commercial and risk management experience in the global resources sector through her time as an executive at Rio Tinto and as a Non-executive Director at Fortescue Metals Group. She has also previously held senior executive positions at Brookfield Multiplex, ALDAR Properties PJSC, Multiplex, and Citigroup.

She is a Director of not-for-profit organisation Perth Children's Hospital Foundation and formerly the Chairman of the Northern Australia Infrastructure Facility and a former Director of Western Power.

Ms Warburton is regarded as a financial, governance and remuneration expert and is a Fellow of the Institute of Company Directors, Institute of Chartered Accountants Australia and New Zealand and Australian Institute of Building. She is a member of Chief Executive Women and a part-time member of the Australian Takeovers Panel.

She holds a Bachelor of Business (Accounting and Business Law) from Curtin University.

Committee memberships:

Audit and Risk Management Committee (Chair)
Remuneration and Nomination Committee (Member)

Other Current Directorships:

Non-executive Director NEXTDC Limited[1]
- Member of Audit & Risk Committee

Co Deputy Chairman Fortescue Metals Group Limited[1]
- Chair and Deputy Chair of Audit & Risk Committee

Non-executive Director Wesfarmers Limited
- Chair of Audit & Risk Committee
- Member of Nominations Committee

Non-executive Director Worley Limited
- Member of Audit & Risk Committee
- Member of Nominations Committee

Former Directorships (in last 3 years): None

[1] Resigned as Director effective 31 March 2020

BRIAN LEVET

Non-executive Director

Mr Levet was appointed on 1 August 2017 as Non-executive Director. Mr Levet is Chair of the Remuneration & Nomination Committee, Chair of the Investment Committee and a member of the Audit & Risk Committee.

Mr Levet has worked for Rio Tinto Rhodesia, Zimbabwe Iron and Steel Corporation and Newmont Mining Corporation in exploration, project start-up and operational roles. Mr Levet retired from Newmont Mining Corporation in 2011 as Group Executive for Exploration.

Mr Levet holds a Bachelor of Science (Geology) from the University of London and brings over 40 years of diversified mineral industry experience to the Company.

Committee memberships:

Remuneration & Nomination Committee (Chair)
Investment Committee (Chair)
Audit & Risk Committee (Member)

Other Current Directorships: Non-executive Director EMX Royalty Corporation (TSX-V)

Former Directorships (in last 3 years): None

CAROL MARINKOVICH

Joint Company Secretary

Mrs Marinkovich was appointed Company Secretary on 16 May 2017.

Mrs Marinkovich has over 25 years' experience in the mining industry. She has extensive experience in Company Secretary and Corporate Governance Practices both within Australia and internationally, including Sundance Resources Ltd in Western Australia and has worked for other junior mining companies, both listed and unlisted.

Mrs Marinkovich is a Member of the Governance Institute of Australia and the Institute of Chartered Secretaries and Administrators.

HAYDEN BARTROP

Joint Company Secretary, Legal Counsel and Business Development

Mr Bartrop is a lawyer with more than 15 years' experience in the gold industry in legal, commercial and business development roles. He joined Gold Road in March 2016 and was appointed joint Company Secretary on 31 May 2017.

Mr Bartrop is responsible for the legal and company secretarial functions and identifying business development opportunities for the future growth of the Company.

Mr Bartrop was Director of Legal and Business Development at Barrick Gold Corporation, he also held several other roles in the Australia Pacific region with Barrick Gold Corporation, including Manager of Growth and Business Development, Legal Counsel and Contracts Superintendent.

Mr Bartrop holds an MBA (High Distinction), Bachelor of Law and Bachelor of Commerce (Finance and Banking).

Directors' and Executives' Interests

As at the date of this report, the Directors' interests in shares, and Performance Rights of the Company are as follows:

Directors	Interests in Ordinary Shares	Interests in Performance Rights
D Gibbs	40,000	756,809
J Osborne	3,022,161	1,199,581
T Netscher	765,000	-
S Warburton	40,000	-
B Levet	130,000	-

Directors' Meetings

The number of meetings of the Company's Directors (including meetings of Committees of Directors) held during the year ended 31 December 2019 and the number of meetings attended by each Director were:

Director	Board of Directors' Meetings		Audit & Risk Committee Meetings		Remuneration & Nomination Committee Meetings		Investment Committee	
	Eligible to attend	Attended	Eligible to attend	Attended	Eligible to attend	Attended	Eligible to attend	Attended
D Gibbs	6	6	-	-	-	-	6	6
J Osborne	6	6	-	-	-	-	6	6
T Netscher	6	6	4	4	4	4	-	-
S Warburton	6	6	4	4	4	4	-	-
B Levet	6	6	4	4	4	4	6	6

Nature of Operations and Principal Activities

During the year, the Gruyere Project in Western Australia was successfully developed, commissioned and brought into production. The principal activities of the Group were mineral exploration, mine development, mine operations and sale of gold.

Operating and Financial Overview

The overview of the Group's operations, including a discussion on development, production and exploration activities are contained on pages 18 to 24 of this Annual Report.

Profit or Loss

During the year, the Group successfully transitioned from project development to production phase attaining commercial levels of production on 1 October 2019. During the commissioning phase (prior to the commencement of commercial production) revenue from the sale of gold was treated as pre-production income and expenditure of an operating nature was treated as pre-production expenditure, with both amounts capitalised to mine development.

Following the achievement of commercial production on 1 October 2019, gold sales revenue of $75.4 million (2018: Nil) was generated from the sale of 37,104 ounces at an average gold price of $2,033 (2018: Nil). Total cost of goods sold inclusive of amortisation and depreciation was $42.1 million (2018: Nil), producing a gross profit from operations of $33.3 million (2018: Nil). The increase in revenue and costs compared to the prior year reflects the commencement of commercial production.

Exploration costs expensed and written off during the year were $17.6 million (2018: $19.3 million).

Corporate and technical service costs for the year totalled $11.0 million (2018: $10.3 million), which included expenses related to the corporate office, compliance and operational support.

Finance income of $0.8 million (2018: $3.9 million) relates to interest earned on cash at bank and on deposit. Finance expenses of $2.0 million (2018: $0.8 million) principally relates to interest charged on borrowings post-commercial levels of production (CLP). The reduction in finance income and the increase in finance expenditure compared to the prior year reflects the draw down on cash reserves and increase in borrowings to fund the development of Gruyere.

The income tax benefit for the year was $0.6 million (2018: $9.7 million). The prior period income tax benefit included the initial recognition of the Group's carry forward tax losses at 31 December 2018.

Financial Position

The net assets of the Group decreased by $2.8 million during the year. As at 31 December 2019 the Group had:

(a) Cash and cash equivalents of $101.3 million (2018: $44.0 million). The increase in cash was the result of drawing down borrowings and the positive cash flow from production.

(b) Inventories of $18.3 million (2018: $1.2 million) increased as a result of building up ore and gold in circuit stockpiles, and establishing warehouse consumables.

(c) Property, plant and equipment of $456.1 million (2018: $411.7 million) increased as a result of development and commissioning of the Gruyere plant and associated infrastructure.

(d) Interest bearing liabilities of $200.4 million (2018: $117.6 million) increased reflecting the recognition of additional lease liabilities on transition to AASB 16 Leases and Drawing Down Borrowings.

Cash Flows

Cash and cash equivalents increased during the year by $57.3 million to $101.3 million as at 31 December 2019 (2018: $44.0 million).

Cash inflow from operating activities for the year was $34.0 million (2018: $21.2 million cash outflow). The increase resulted from the first-time recognition of gold sales revenue less operating costs on commencement of production of the Gruyere Project.

Cash flow used in investing activities amounted to $46.3 million (2018: $172.1 million) and mainly comprised net outflows for the development of the Gruyere Project, including sales revenue and operating costs prior to the commencement of commercial production which were capitalised.

Cash flow from financing activities totalled $69.7 million (2018: $0.4 million) which included draw down on borrowings of $77.4 million (2018: $3.0 million) and lease repayments of $7.7 million (2018: Nil).

Dividends

No dividend was paid during the financial year. No dividend has been paid or recommended since the end of the financial year to the date of this report.

Performance Rights Over Unissued Capital

At the date of this report, there are 5,480,903 (22 March 2019: 4,608,807) unvested Performance Rights to acquire ordinary shares as follows:

Outstanding[1]	Performance Period End Date[2]
875,464	31 December 2020
1,193,940	31 December 2020
425,101	1 July 2021
222,766	30 June 2020
2,226,766	31 December 2021
536,866	31 December 2019
5,480,903	Total Performance Rights outstanding

1 *None of the Performance Rights on issue entitles the holder to participate in any share issue of the Company or any other body corporate*

2 *Subsequent to the performance period end date, the Board determines the number of Performance Rights that vest*

Since 31 December 2019 to the date of this report, 536,866 Performance Rights have been granted, 275,000 Performance Rights have vested, nil Performance Rights have been exercised and nil Performance Rights have been forfeited.

The following changes in Performance Rights occurred during the year:

	12 months ended 31 December 2019	12 months ended 31 December 2018
Granted	3,117,585	3,281,269
Exercised	1,403,575	407,875
Cancelled	893,153	-
Forfeited	1,619,171	1,616,761

Significant Events after the Balance Date

Subsequent to the year ended 31 December 2019, the Company made a $50.0 million repayment against the Loan Facilities which were drawn to $78.5 million (net of transaction costs), reducing the balance to $28.5 million.

Other than as noted above, there has not arisen in the interval between the end of the year and the date of this report any other item, transaction or event of a material and unusual nature likely, in the opinion of the Directors of the Company, to affect substantially the operations of the Group, the results of those operations or the state of affairs of the Group in subsequent financial years.

Likely Developments and Expected Results of Operations

There are no likely developments of which the Directors are aware which could be expected to significantly affect the results of the Group's operations in subsequent financial years not otherwise disclosed in the Nature of Operations and Principal Activities, Operating and Financial Overview or the Significant Events after the Balance Date sections of the Directors' Report.

Environmental Regulation and Performance

The Company holds various exploration licences to regulate its exploration activities in Australia. These licences include conditions and regulations with respect to the rehabilitation of areas disturbed during the course of its exploration activities.

So far as the Directors are aware, all exploration activities are now being undertaken in compliance with all relevant environmental regulations.

From the Remuneration & Nomination Committee Chair.

On behalf of the Directors of Gold Road, I am pleased to present the Remuneration Report for the year ended 31 December 2019.

Our Remuneration Report is designed to provide you, our shareholders, with information on the Remuneration & Nomination Committee's (the **Committee**) activities undertaken during the year, details of remuneration paid to Key Management Personnel (**KMP**) in the year and demonstrate how reward outcomes link to Company strategy, performance and value to shareholders.

Brian Levet
Remuneration & Nomination Committee Chair

Remuneration Report Contents

This report covers the following key sections:

- Remuneration & Nomination Committee
- Summary of Remuneration Activities
- Key Management Personnel
- Remuneration Principles
- Remuneration Structure - Non-executive Directors
- Remuneration Structure - Executive KMPs
- Service Agreements
- Details of Remuneration
- Share-based Compensation
- Analysis of Performance Rights Over Equity Instruments Granted as Compensation

Remuneration & Nomination Committee

The Committee is made up of the following independent Non-executive Directors:

Brian Levet	Chairman
Timothy Netscher	Member
Sharon Warburton	Member

No member is able to deliberate or consider any matter in respect of their own remuneration. The Committee reviews and determines remuneration policy, principles and structure annually and has adopted a formal Charter, which provides a framework for the consideration of remuneration matters, recognising the need to attract, review and retain high calibre individuals.

The process includes a review of the Company and individual performances in line with strategic objectives, an intent to identify and correct any pay gap issues and gender bias, broad market remuneration data, and relevant comparative Company and peer remuneration.

Remuneration recommendations for non-KMPs are delegated to the Managing Director. The process includes a review within the parameters of Board approved Company-wide remuneration principles, approved remuneration levels, job performance, demonstrated behaviours aligned to the Company values and gender bias and/or pay gap principles.

In accordance with the Committee's charter, where a remuneration consultant is appointed in relation to remuneration of KMPs, the Committee directly engages and receives the reports of the consultant. During the year advice was sought from BDO Perth totalling $45,480 on executive remuneration benchmarking and organisational pay levels.

Summary of Remuneration Activities

The following table outlines the summary of incentives to Executive KMPs at the end of the year:

Incentive Plan	Vested	Offered Subject to Vesting Conditions			Subject to Shareholder Approval
Short Term Incentive (STI)	2018		2019		2020
Long Term Incentive (LTI)	2016-2019	2017-2020	2018-2020	2019-2021	2020-2022

New hurdles and Key Performance Indicators (KPIs), appropriately based on Gold Road's 2019 strategic objectives and operational goals, were established for the 2019 STI, which covers the 12 months to 31 December 2019.

The 2019 STI and 2019-2021 LTI were approved by the Board and shareholder approval was obtained at the AGM held on 29 May 2019.

In July 2019, the Board assessed the 2016-2019 LTI performance and achievement. During the period of the 2016-2019 LTI, although progress in the construction of the Gruyere Project and resource drilling was made, the strategic performance criterion were not achieved. The relative total shareholder return (TSR) performance criteria achieved was 46.32% and consequently a total of 516,975 LTI performance rights vested.

In January 2020 the Board assessed the 2019 STI performance and achievement, with 73% of the maximum entitlement being achieved for the Corporate KPI, reflecting the successful development, commissioning and commencement of production of the Gruyere Project, the progress in exploration including a new discovery and resource at Gilmour, and enhancing the corporate governance standards of the Company.

The maximum of the Non-executive Director's remuneration pool remained at $700,000 per annum. Total remuneration paid to Non-executive Directors for the year was within this maximum and there was no increase to individual Non-executive Director fees during the year. An increase for Non-executive Director fees was approved with effect from 1 January 2020. This was an economic increase (CPI) of 2.75% and the increase remains well within the shareholder approved Non-executive Director's remuneration pool.

Key Management Personnel

KMPs have authority and responsibility for planning, directing and controlling the activities of the Company. KMPs comprise only the Directors of the Company.

Directors and Executive KMPs disclosed in this report include:

Directors	Role
T Netscher	Non-executive Chairman
S Warburton	Non-executive Director
B Levet	Non-executive Director

Executive KMPs	Role
D Gibbs	Managing Director and CEO
J Osborne	Executive Director – Discovery and Growth

Remuneration Principles

The principles of Gold Road's remuneration structure are focused on motivating and rewarding individuals and teams for sustainable delivery of shareholder value.

The objective of the Company's Executive KMP reward framework is to ensure that reward for performance is competitive and appropriate for the results delivered. The framework aligns both Executive KMP and non-KMP reward with the achievement of strategic objectives and the creation of value for shareholders.

The remuneration framework provides a mix of fixed base and variable remuneration, which incorporates a blend of short and long-term incentives.

Remuneration Structure - Non-executive Directors

The Company's policy is to remunerate Non-executive Directors, at rates comparable to other ASX listed companies in the same industry, for their time, commitment and responsibilities. The Chairman's fees have been determined independently to the fees of Non-executive Directors and based on comparatively sized ASX listed companies. There was no increase in Non-executive Directors' fees during the year. An economic increase (CPI) of 2.75% in Non-executive Directors' fees was effective from 1 January 2020.

Non-executive Director remuneration is delivered as a cash payment and is not linked to the performance of the Company.

The maximum Non-executive Directors' fees payable in aggregate is $700,000 (inclusive of superannuation) per annum (approved at the AGM on 17 November 2017). Non-executive Directors' fees will continue to be benchmarked on an annual basis.

The following table outlines the annual remuneration payable to Non-executive Directors, inclusive of all committee activities and superannuation.

Role	From 1 January 2020	Year ended 31 December 2019
Non-executive Chairman	$162,345	$158,000
Non-executive Director	$102,750	$100,000

Remuneration Structure - Executive KMPs

Executive KMPs total remuneration is made up of:

- Fixed base remuneration comprising cash and non-monetary benefits, including superannuation
- Variable remuneration comprising STIs and LTIs through participation in the Gold Road Resources Limited Employee Incentive Plan (the Plan).

Gold Road's remuneration objectives effectively align the interests of its Executive KMPs with the interests of the Company and its shareholders.

This has been achieved by ensuring that a significant proportion of Executive's remuneration is 'at risk' in the form of STI and LTI components. STI awards are linked to the value drivers of the Gruyere Project, discovery and growth through targeted exploration, corporate and business development and key enabling drivers of corporate governance (including, but not limited to Leadership and Culture, Health, Safety and Environment (HSE) and stakeholder relations (including, but not limited to Native Title)). LTI awards are linked to both strategic milestones and shareholder returns.

The following table summarises the remuneration structure of Executive KMPs for the year ended 31 December 2019.

	Fixed Base Remuneration	Superannuation	Total Fixed Remuneration[1]	LTI maximum % of base[2]	STI maximum % of base	Performance Rights (other)
D Gibbs	$450,000	$20,767	$470,767	103.7%	81%[3]	$134,260[5]
J Osborne	$406,600	$20,767	$427,367	67.4%	53%[4]	-

1 *Total fixed remuneration comprises annual salary and superannuation*
2 *Includes a provision for a stretch target of 103.75% of base salary. The Target LTI as a percentage of base salary is 100% and 65% respectively for D Gibbs and J Osborne*
3 *Target STI as a percentage of base salary is 65% for D Gibbs. This figure includes provision for a 125% stretch of base salary (stretch target 81%).*
4 *Target STI as a percentage of base salary is 42.5% for J Osborne. This figure includes provision for a 125% stretch of base salary (stretch target 53%)*
5 *D Gibbs was provided with 275,000 onboarding Performance Rights to compensate him for the forfeiture of incentives by resigning from his previous employer (approved at the AGM held on 29 May 2019).*

Fixed Base Remuneration

Fixed base remuneration for Executive KMPs is reviewed annually, with any changes approved by the Board. There are no guaranteed fixed base remuneration increases included in the Executive KMPs contracts.

Superannuation benefits are paid to complying superannuation funds nominated by the Executive KMPs capped at the maximum superannuation contribution base of ordinary time earnings, which for the financial year ending 30 June 2020 is $21,003.

Variable Remuneration

Variable remuneration is structured as a combination of cash and Performance Rights as follows:

STIs[1]	LTIs
Cash (50%)	-
Performance Rights (50%)	Performance Rights (100%)

1 *The Board has absolute discretion to pay STIs in a combination of 50% cash and 50% Performance Rights (or any other combination the Board approves)*

Executive KMPs' variable remuneration is calculated based on an assessment of performance against KPIs for both the Company and the individual. The actual KPIs, weightings and priorities are approved annually by the Board to ensure that they remain relevant and appropriate to the individuals and the Company.

Short Term Incentives

The Committee is responsible for recommending to the Board the STI to be paid based on an assessment of whether KPIs have been met and pro-rated for time in the role.

The payment of STIs is within the Board's absolute discretion (which cannot be unreasonable) and paid in a combination of 50% cash and 50% Performance Rights (or any other combination the Board approves). The Board can decide to not pay, or to reduce, the STI in the event that market conditions and commodity prices have deteriorated or key corporate objectives in the period have not been met. If there is a change of control, the Board, in its absolute discretion, may determine whether incentives will vest, up to the maximum amount.

2019 Short Term Incentive

The 2019 STI was based over a 12 month period to 31 December 2019 on set percentages of fixed base remuneration, with performance assessed against a mix of personal and corporate KPIs as follows:

Executive KMP Incentive Structure[1]	D Gibbs	J Osborne
Maximum STI as a percentage of base salary	81%[2]	53%[3]
Target Aligned to Corporate KPIs	90%	90%
Target Aligned to Personal KPIs	10%	10%
Target 2019 STI	$365,625	$216,006
50% Cash Component	$182,812	$108,003
50% Granted Performance Rights (Number)	296,340	175,074
Achieved Result 2019 STI		
Corporate KPIs result	73%	73%
Personal KPIs result	75%	66%
Total weighted result	73%	72%
STI earned as a percentage of fixed base remuneration	48%	31%
Paid as Cash	$107,055	$62,469
Vested Performance Rights (Number)	173,537	101,263

1 *STI approved at the AGM held on 29 May 2019*
2 *Target STI as a percentage of base salary is 65% for D Gibbs. This figure includes provision for a 125% stretch of base salary (stretch target 81%).*
3 *Target STI as a percentage of base salary is 42.5% for J Osborne. This figure includes provision for a 125% stretch of base salary (stretch target 53%).*

The maximum number of Performance Rights to be granted is determined by dividing 50% of the STI earned by $0.617, being the higher of the 30 day Volume Weighted Average Price (VWAP) for the period to 1 January 2019 and the most recent capital raising prior to 1 January 2019 (being the April 2016 share placement and entitlement issue at $0.44).

The following KPIs, with appropriate personal weightings, were approved by the Board and shareholder approval was obtained at the AGM held on 29 May 2019 for the period 1 January 2019 to 31 December 2019.

2019 KPI	KPI Criteria	Why this KPI was chosen	Achievement[1]
HSE Gateway	In the event of a fatality and/or Life Changing Injury occurring within 100% Gold Road owned and operated operations no STI will be payable.	This performance gateway was established to reflect the Company Values of Gold Road and the continued commitment and focus on Health, Safety & Environment.	Achieved *There were zero fatalities and Life Changing Injuries*
Discovery & Growth	Economic gold discovery and progress of prospects through the exploration, business development and corporate development pipelines.	Motivate and reward shareholder value creation through: 1 *Organic growth through economic gold discovery* 2 *Inorganic growth through mergers and/or acquisitions*	Between threshold and target
Gruyere Project	Deliver the Capital Cost Budget, and Gold Road attributable production and AISC guidance for 2019.	Motivate and reward unlocking the further potential of the Gruyere operation.	Target achieved
Corporate	Develop organisational capability and corporate governance commensurate with an ASX200 company.	Motivate and reward the focus on effective environmental, social and governance (systems and practices) across all areas of the Company as enablers for growth.	Target achieved
Personal	Includes leadership team performance and demonstrated behaviours aligned to Company values.	Motivate and reward executives and senior management in the execution of strategic value-adding drivers.	Between threshold and target

1 *Subsequent to the performance period end date, the Board assesses achievement of the criteria, and number of Performance Rights that vest*

Long-Term Incentives

The Company's LTI framework for Executive KMPs is based on the following key principles:

- LTIs are to be granted annually on set percentages of fixed base remuneration.
- The vesting of LTIs will be subject to performance measured against long-term internal corporate hurdles and external TSR hurdle, measured at the end of the performance period.

The key features and current status of the approved LTI framework for Executive KMPs is detailed below:

Feature	Description			
Grants	2016-2019 LTI (measured to 30 June 2019)	2017-2020 LTI (measured to 31 December 2020)	2018-2020 LTI (measured to 31 December 2020)	2019-2021 LTI (measured to 31 December 2021)
Relevant plan	2016 Plan	2017 Plan	2017 Plan	2017 Plan
Status	Vested	Unvested	Unvested	Unvested
Instrument	Grants are made in the form of Performance Rights which are issued in accordance with the relevant approved Plan. The LTIs currently approved are provided in a separate table below.			
Grant frequency	Grants are made on an annual basis but are subject to the Board's discretion.			
Target quantum	The percentage threshold and remuneration levels are reviewed at each grant and determined based on market and peer group practice for the relevant period.			
	Managing Director and CEO: 100% Executive Director: 65%	Managing Director and CEO: 100% Executive Director: 65%	Managing Director and CEO: 100% Executive Director: 65%	Managing Director and CEO: 100% (stretch target: 103.7%)[2] Executive Director: 65% (stretch target: 67.4%)[3]
Performance conditions (Vesting Hurdles)	The Company has selected TSR and Strategic Vesting Hurdles to align the interests of executives with the long-term interests of its shareholders.			
	Relative TSR: 50% Strategic: 50%	Relative TSR: 50% Strategic: 50%	Relative TSR: 50% Strategic: 50%	Relative TSR: 35% EPS: 15.0% (stretch target 18.7%)[4] Strategic: 50%
Performance period and vesting[1]	3 years	3.5 years	3 years	3 years
Exercise	The percentage of Performance Rights that meet Vesting Hurdles (as determined by the Board) automatically exercise into Company shares and the remainder lapse. The Board may also, in its absolute discretion, permit the exercise of incentives (irrespective of whether the relevant vesting conditions have been met) during such period as the Board determines where: (a) the Company passes a resolution for voluntary winding up; (b) an order is made for the compulsory winding up of the Company; or (c) the Company passes a resolution in accordance with Listing Rule 11.2 to dispose of its main undertaking.			
Change of control	Incentives granted under the 2017 Plan allows the Board at its absolute discretion, to determine the manner in which any or all of the incentives vest, including having regard to the performance of the Company against targets in the vesting conditions at that time, the period of time that has elapsed between the grant date and the date of the change of control event and the circumstances of the change of control event.			
Board Discretion and Clawback	In the event of serious misconduct or a material misstatement in the Group's financial statements, the Board has the discretion to reduce, cancel or clawback any unvested short term or long term incentives.			

1 *Performance periods are typically 3 years, however the 2017-2020 LTI was extended to 3.5 years to align with a change to the Company's financial year end date from 30 June to 31 December*
2 *Includes provision for a stretch of 125% on the EPS metric resulting in a total stretch target of 103.7%*
3 *Includes provision for a stretch of 125% on the EPS metric resulting in a total stretch target of 67.4%*
4 *This figure includes provision for a stretch of 125% of the target weighting on achievement of a >30% EPS growth over a 3 year period above baseline*

Details of Executive KMPs LTIs on issue at the end of the year are summarised below.

Details	2017-2020 LTI		2018-2020 LTI		2019-2021 LTI	
	Performance Rights	Fair value of Performance Rights at grant date[1]	Performance Rights	Fair value of Performance Rights at grant date[1]	Performance Rights	Fair value of Performance Rights at grant date[1]
D Gibbs	N/A	N/A	N/A	N/A	756,808[2]	$644,654
J Osborne	374,826	$213,088	380,273	$214,284	444,482[2]	$378,613
Value used to determine the number of Performance Rights to be granted	$0.705 being the higher of the Company's 30 day VWAP for the period to 1 July 2017 and the most recent capital raising price prior to that date (being the May 2016 share placement and entitlement issue at $0.44)		$0.695 being the higher of the Company's 30 day VWAP for the period to 1 January 2018 and the most recent capital raising price prior to that date (being the May 2016 share placement and entitlement issue at $0.44)		$0.617 being the higher of the Company's 30 day VWAP for the period to 1 January 2019 and the most recent capital raising price prior to that date (being the May 2016 share placement and entitlement issue at $0.44)	
Performance period	3.5 years to 31 December 2020		3 years to 31 December 2020		3 years to 31 December 2021	
Vesting hurdle – Shareholder Returns (50% weighting):	Relative TSR: 50% - Requires an assessment of how the Company's TSR, including dividends paid to shareholders, has performed over the measurement period relative to a nominated peer group over the same period.		Relative TSR: 50% - Requires an assessment of how the Company's TSR, including dividends paid to shareholders, has performed over the measurement period relative to a nominated peer group over the same period.		Relative TSR: 35% - Requires an assessment of how the Company's TSR, including dividends paid to shareholders, has performed over the measurement period relative to a nominated peer group over the same period. EPS: 15.0% (stretch target 18.7%[3]) - Earnings per share growth based on the Company's internal three year net profit before tax baseline and the current number of shares on issue.	
Vesting hurdle - Strategic (50% weighting) The strategic vesting condition requires an assessment of the achievement of performance against pre-set strategic objectives	The pre-set strategic objectives were: ▪ Discovery of new Mineral Resources exceeding 1 million ounces as reported in accordance with JORC and ASX listing requirements. ▪ Dependant on the first hurdle: completing Pre-feasibility Study/ies including reporting of an Ore Reserve.		The pre-set strategic objectives were: ▪ The second discovery of a deposit of greater than 1 million ounces contained gold, or an equivalent (as determined by the Board), maiden Mineral Resource declared or subsequent upgrade confirming greater than 1 million ounces contained gold, Concept Study and Scoping Study completed confirming adequate economics ▪ Dependant on the first hurdle: Pre-feasibility Study completed, Maiden Ore Reserve declared, Project Team identified and Native Title agreement in place.		The pre-set strategic objectives were: ▪ Peer reviewed JORC inferred resource of >1Moz ▪ Dependant on the first hurdle: Pre-feasibility completed, recommending optimal development strategy for evaluation at feasibility study level.	

1 *Performance Rights allocated to Executive KMPs under the LTIs, had their values verified using a combination of a Monte Carlo simulation (for those with market hurdles), and a Black-Scholes pricing model (for those with strategic hurdles)*
2 *Includes provision for a stretch of 125% on the EPS metric resulting in a total stretch target of 103.75%*
3 *Includes provision for a stretch of 125% on the EPS metric resulting in a stretch target of 18.7%*

2016-2019 Long Term Incentive (measured to 30 June 2019)

The quantum of 2016-2019 LTI grants to have met the vesting conditions as follows:

Executive KMPs	Performance Rights Granted	% Earned	% Fixed Remuneration Achieved	Shares Vested
J Osborne	426,229	46%	61%	197,430

The results of performance against the vesting hurdles (set in 2016) for the 2016-2019 LTI were as follows:

1. Total shareholder return hurdle (total 50%)
   92.6% vested as the company outperformed the nominated gold peer group by 42.6%. Therefore 46.2% of the 2016-2019 LTI performance rights vested.

2. Strategic hurdle (total 50%)
   Gruyere Gold Production (25%)
   0% vested as the strategic hurdle for gold production of 30 days of consistent throughput (including tonnage, grade recovery and costs) within Board approved budget and parameters was not achieved.
   Discovery or acquisition (25%)
   0% vested as the greenfields discovery of a deposit of greater than 1Moz contained gold, or an equivalent Board approved acquisition was not achieved.

Service Agreements

Remuneration and other terms of employment for the Executive KMPs are formalised in Service Agreements (**agreements**). The agreements provide for the provision of performance related cash and share-based incentives. Other major provisions of the agreements relating to remuneration are set out below.

The agreements may be terminated early by either party with notice as set out in the agreements, subject to termination payments as detailed below.

On 17 September 2018, Mr Gibbs was appointed as Managing Director and CEO for no fixed term and has a six month notice period. Mr Gibbs was provided with an offer of 275,000 onboarding Performance Rights to compensate him for the forfeiture of incentives by resigning from his previous employer (approved at the AGM held on 29 May 2019). The onboarding Performance Rights vested on 1 January 2020 following the completion of service condition.

The table below summarises the key terms in the service agreements of Executive KMPs as at 31 December 2019.

Executive KMPs	Role	Term of agreement	Termination notice period	Fixed base salary excluding super
D Gibbs	Managing Director and CEO	No fixed term, commenced 17 September 2018	6 months by individual, or 6 months by Company	From 17 September 2018, $450,000 and reviewed annually[1]
J Osborne	Executive Director – Exploration and Growth	No fixed term, commenced 14 October 2013	4 months by individual, or 12 months by Company	From 1 July 2017, $406,600 and reviewed annually

1 *External remuneration consultants were engaged by the Board to review the remuneration for executives against market. As a result of this review, D Gibbs' fixed remuneration was increased to $518,997 which is in the lower half of the benchmarked remuneration banding, and given D Gibbs' appointment into the role 18 months ago, aligns with the Company's remuneration policy and principles. Mr Gibbs' variable remuneration components remain unchanged.*

The following table shows details of the remuneration expense recognised for KMPs for the current financial year and previous period measured in accordance with the requirements of the accounting standards.

Year ended 31 December 2019

Directors	Salaries and Fees[1] $	Superannuation Contributions $	Cash Benefits (STI)[2] $	Performance Rights (STI)[2] $	Performance Rights (LTI) $	Performance Rights (Other) $	Total $	At Risk %
D Gibbs	479,423	20,767	107,055	259,437	205,949	134,260[3]	1,206,891	47
J Osborne	424,040	20,767	62,469	151,388	166,209	-	824,873	46
B Levet	91,324	8,676	-	-	-	-	100,000	-
T Netscher	158,000	-	-	-	-	-	158,000	-
S Warburton	91,324	8,676	-	-	-	-	100,000	-
Total	1,244,111	58,886	169,524	410,825	372,158	134,260	2,389,764	

1 *Salaries and fees include movements in leave entitlements*
2 *STI benefits are an accrual of the 2019 STI*
3 *Onboarding Performance Rights have been accrued over the vesting period*

Year ended 31 December 2018

Directors	Salaries and Fees[1] $	Superannuation Contributions $	Cash Benefits (STI)[2] $	Performance Rights (STI)[2] $	Performance Rights (LTI) $	Performance Rights (Other) $	Total $	At Risk %
D Gibbs	130,574[3]	5,225	-	-	-	38,990[4]	174,789	-
J Osborne	436,765	20,290	74,762	70,261[5]	173,444	-	775,522	43
B Levet	91,324	8,676	-	-	-	-	100,000	-
T Netscher	158,000	-	-	-	-	-	158,000	-
S Warburton	91,324	8,676	-	-	-	-	100,000	-
Total	907,987	42,867	74,762	70,261	173,444	38,990	1,308,311	

1 *Salaries and fees include movements in leave entitlements*
2 *STI benefits are an accrual of the 2018 STI*
3 *D Gibbs appointed on 17 September 2018*
4 *Onboarding Performance Rights have been accrued over the vesting period*
5 *Relates to Performance Rights expensed over the vesting period. Subsequent to year end, the Board exercised its discretion to pay J Osborne's vested STI Performance Rights in a cash consideration of $84,981*

Share-Based Compensation

Performance Rights

Performance Rights over shares in Gold Road are granted under the Plan.

Performance Rights to be issued under the Plan have varying vesting periods as determined by the Board at the date of grant except under certain circumstances whereby Performance Rights may be capable of exercise prior to the expiry of the vesting period. Participation in the Plan is at the Board's discretion and no individual has a contractual right to participate in the Plan or to receive any guaranteed benefits.

In circumstances where a participant ceases to be employed or engaged by the Company at or prior to the end of the relevant performance period, the Board may decide that some or all of that person's incentives will not be forfeited.

Equity instruments granted as compensation during the year ended 31 December 2019

During the year ended 31 December 2019, 1,476,291 Performance Rights were granted in accordance with STIs and LTIs pursuant to the terms of the Plan to Executive KMPs of the Company.

Performance Rights granted

Director	Incentive	Number Granted	Grant Date	Fair Value at Grant Date	Performance Period End Date[1]
D Gibbs	Onboarding	275,000	29 May 2019	63.0 cents	1 January 2020
	2019-2021 LTI	501,500	29 May 2019	98.0 cents[2]	31 December 2021
	2019-2021 LTI	255,309	29 May 2019	60.0 cents[3]	31 December 2021
J Osborne	2018 STI	-[4]	30 January 2019	77.0 cents	31 December 2018
	2019-2021 LTI	294,536	29 May 2019	98.0 cents[2]	31 December 2021
	2019-2021 LTI	149,946	29 May 2019	60.0 cents[3]	31 December 2021

1 *Subsequent to the performance period end date, the Board determines the number of Performance Rights that vest*
2 *Relates to LTI strategic hurdles. Performance Rights allocated to Executive KMPs under the LTIs, had their values verified using a Black-Scholes pricing model*
3 *Relates to LTI market hurdles. Performance Rights allocated to Executive KMPs under the LTIs, had their values verified using a Monte Carlo simulation*
4 *The Board exercised its discretion to pay Mr Osborne's vested Performance Rights of 107,571 in equivalent cash consideration of $84,981*

Subsequent to 31 December 2019, the following Performance Rights were vested.

Directors	Incentive Plan	Number Granted	Grant Date	Fair Value at Grant Date[2]	Performance Period End Date[1]
D Gibbs	Onboarding	275,000	29 May 2019	63.0 cents	1 January 2021
	2019 STI	173,537	31 January 2020	150.0 cents	31 December 2019
J Osborne	2019 STI	101,263	31 January 2020	150.0 cents	31 December 2019

1 *Subsequent to the performance period end date, the Board determines the number of Performance Rights that vest*
2 *Performance Rights are valued at the underlying market value at grant date of the ordinary shares over which they are granted*

The assessed fair value at grant date of Performance Rights granted to individuals are expensed evenly over the performance period of the relevant incentive.

Analysis of Share Options and Performance Rights over Equity Instruments Granted as Compensation

Conversion of Performance Rights Granted as Compensation

During the year, the following shares were issued on the conversion of Performance Rights previously granted as compensation to Executive KMPs.

Director	Performance Rights converted	Shares Issued	Share Issue Date	Exercise Price of Performance Rights	Vesting Date of Performance Rights
J Osborne	197,430	197,430	10 September 2019	Nil	26 July 2019[1]

1 *Expiry of these Performance Rights is 30 June 2020*

Performance Rights Granted as Compensation

The movement during the year to 31 December 2019, by fair value, of Performance Rights over ordinary shares in the Company held by Executive KMPs and granted as part of remuneration is as follows:

Executive KMPs	Granted During the Year[1] ($)	Exercised During the Year[2] ($)
D Gibbs	817,905	-
J Osborne	378,612	261,595

1 *The value of Performance Rights granted in the year is the fair value calculated at grant date. The total value is included in the tables above. This amount is allocated to remuneration over the vesting period*
2 *The value of Performance Rights exercised during the year is calculated as the closing market price of the Company's shares on the date of exercise*

The movement during the year to 31 December 2019, by quantity, of Performance Rights over ordinary shares in the Company held by Executive KMPs and granted as part of remuneration is as follows:

Executive KMPs	Balance at Start of the Year	Granted During the Year	Exercised During the Year	Forfeited / Cancelled[1]	Balance at the End of the Year
D Gibbs	-	1,031,809	-	-	1,031,809
J Osborne	1,579,055	444,482	(197,430)	(626,526)	1,199,581

1 *These figures reflect Performance Rights that did not vest*

Equity Holdings by Key Management Personnel

Details of Performance Rights held at 31 December 2019 by Executive KMPs of the Company are detailed in the table below.

Executive KMPs	Incentive	Grant Date	Performance Rights Granted	Performance Period End Date[1]
D Gibbs	Onboarding	29 May 2019	275,000	1 January 2020
	2019-2021 LTI	29 May 2019	756,809	31 December 2021
J Osborne	2017-2020 LTI	17 November 2017	374,826	31 December 2020
	2018-2020 LTI	25 May 2018	380,273	31 December 2020
	2019-2021 LTI	29 May 2019	444,482	31 December 2021

1 *Subsequent to the performance period end date, the Board determines the number of Performance Rights that vest*

Details of shares held at 31 December 2019 by KMPs of the Company are detailed below.

Directors	Balance at Start of the Year	Received During the Year on Exercise of Share Options or Performance Rights	Other Changes During the Year[1]	Balance at the End of the Year
D Gibbs	40,000	-	-	40,000
J Osborne	4,665,410	197,430	(1,840,679)	3,022,161
B Levet	100,000	-	30,000	130,000
T Netscher	765,000	-	-	765,000
S Warburton	40,000	-	-	40,000

1 *Other changes during the period comprise market trades*

Company Performance

The table below shows the performance of the Company as measured by share price and change in market capitalisation.

	31 December 2019	31 December 2018	31 December 2017	30 June 2017	30 June 2016
Sales revenue	75,444	-	-	-	-
(Loss)/profit after tax	(4,655)	(23,851)	(7,748)	229,817	(9,225)
Net assets	336,132	338,966	362,259	388,625	157,218
Share price	$1.340	$0.650	$0.700	$0.670	$0.655
Market capitalisation	$1,178 million	$570 million	$614 million	$584 million	$569 million

THIS IS THE END OF THE REMUNERATION REPORT

Officers' Indemnities and Insurance

Since the end of the previous financial year, the Company paid an insurance premium to insure certain officers of the Company. The officers of the Company covered by the insurance policy include the Directors named in this report.

The Directors and Officers Liability insurance provides cover against all costs and expenses that may be incurred in defending civil or criminal proceedings that fall within the scope of the indemnity and that may be brought against the officers in their capacity as officers of the Company. The insurance policy does not contain details of the premium paid in respect of individual officers of the Company. Disclosure of the nature of the liability cover and the amount of the premium is subject to a confidentiality clause under the insurance policy.

Proceedings on Behalf of the Company

No person has applied to the Court under section 237 of the *Corporations Act 2001* for leave to bring proceedings on behalf of the Company, or to intervene in any proceedings to which the Company is a party, for the purpose of taking responsibility on behalf of the Company for all or part of those proceedings.

No proceedings have been brought or intervened in on behalf of the Company with leave of the Court under section 237 of the *Corporations Act 2001*.

Rounding of Amounts

The Company is of a kind referred to in ASIC Instrument 2016/191 dated 24 March 2016 and in accordance with that Instrument, amounts in the Financial Statements and Directors' Report have been rounded to the nearest thousand dollars, unless otherwise stated.

Corporate Governance

The 31 December 2019 Corporate Governance Statement is available on the Company's website at goldroad.com.au.

Audit and Non-Audit Services

During the year the following fees were paid or payable for services provided by the auditor of the parent entity, its related practices and non-related audit firms:

	31 December 2019 $	31 December 2018 $
Audit and other assurance services		
Audit and review of financial statements	134,405	89,510
Total remuneration for audit and other assurance services	134,405	89,510
Taxation services		
Tax advice and related services	70,054	80,423
Total remuneration for taxation services	70,054	80,423
Other services		
Consulting and other services	14,053	68,568
Total remuneration for other services	14,053	68,568
Total remuneration of KPMG	218,512	238,501

It is the Company's policy to employ KPMG on assignments additional to their statutory audit duties where their expertise and experience with the Company are important. These assignments are principally tax advice and consulting services.

KPMG continues in office in accordance with section 327 of the *Corporations Act 2001*.

A copy of the Auditor's Independence Declaration as required under Section 307C of the *Corporations Act 2001* is set out on page 57.

This report is made in accordance with a resolution of the Directors.

DATED at Perth this 19th day of March 2020

Tim Netscher
Non-executive Chairman

KPMG

Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

To the Directors of Gold Road Resources Limited

I declare that, to the best of my knowledge and belief, in relation to the audit of Gold Road Resources Limited for the financial year ended 31 December 2019 there have been:

i. no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and

ii. no contraventions of any applicable code of professional conduct in relation to the audit.

KPMG

Graham Hogg
Partner
Perth
19 March 2020

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2019

	Notes	12 months ended 31 December 2019 $'000	12 months ended 31 December 2018 $'000
Sales revenue	4	75,444	-
Cost of sales	5(a)	(42,102)	-
Gross profit		33,342	-
Other income		-	204
Exploration expenditure	5(b)	(17,638)	(19,282)
Corporate and technical services	5(c)	(10,977)	(10,318)
Fair value loss on derivatives	5(d)	(8,829)	(7,215)
Loss before finance and income tax		(4,102)	(36,611)
Finance income		845	3,850
Finance expenses		(1,958)	(827)
Loss before income tax		(5,215)	(33,588)
Income tax benefit	20	560	9,737
Loss for the year		(4,655)	(23,851)
Other comprehensive loss for the year		(74)	(506)
Total comprehensive loss for the year attributed to owners of the Company		(4,729)	(24,357)
Earnings per share for loss attributable to the ordinary equity holders of the Company:		Cents	Cents
Basic loss per share	6(a)	(0.53)	(2.72)
Diluted loss per share	6(b)	(0.53)	(2.72)

The above Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2019

	Notes	31 December 2019 $'000	31 December 2018 $'000
ASSETS			
Current assets			
Cash and cash equivalents	7	101,332	43,957
Trade and other receivables	10	2,964	13,405
Other financial assets		82	187
Inventories	11	18,292	1,220
Total current assets		122,670	58,769
Non-current assets			
Property, plant and equipment	9	456,123	411,749
Exploration and evaluation	8	16,764	13,042
Trade and other receivables	10	-	1,717
Other financial assets		577	245
Deferred tax asset	20	10,894	9,826
Total non-current assets		484,358	436,579
TOTAL ASSETS		607,028	495,348
LIABILITIES			
Current liabilities			
Trade and other payables	12	27,689	11,605
Provisions	13	1,165	607
Interest bearing liabilities	15	58,125	6,573
Other financial liabilities	16	10,814	1,317
Total current liabilities		97,793	20,102
Non-current liabilities			
Provisions	13	26,202	19,871
Interest bearing liabilities	15	142,250	111,016
Other financial liabilities	16	4,651	5,393
Total non-current liabilities		173,103	136,280
TOTAL LIABILITIES		270,896	156,382
Net assets		336,132	338,966
EQUITY			
Contributed equity	17	203,949	203,949
Reserves	18	2,081	1,314
Retained earnings	18(c)	130,102	133,703
TOTAL EQUITY		336,132	338,966

The above Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2019

	Contributed Equity $'000	Equity Remuneration Reserve[1] $'000	Fair Value Reserve $'000	Retained Earnings $'000	Total $'000
Balance as at 1 January 2019	203,949	1,820	(506)	133,703	338,966
Loss for the year	-	-	-	(4,655)	(4,655)
Other comprehensive loss for the year	-	-	(74)	-	(74)
Total comprehensive loss for the year	-	-	(74)	(4,655)	(4,729)
Equity settled Share Based Payments	-	1,895	-	-	1,895
Transfer from Equity Remuneration Reserve	-	(1,054)	-	1,054	-
Balance as at 31 December 2019	203,949	2,661	(580)	130,102	336,132

	Contributed Equity $'000	Equity Remuneration Reserve $'000	Fair Value Reserve $'000	Retained Earnings $'000	Total $'000
Balance as at 1 January 2018	203,949	1,086	-	157,224	362,259
Loss for the year	-	-	-	(23,851)	(23,851)
Other comprehensive loss for the year	-	-	(506)	-	(506)
Total comprehensive loss for the year	-	-	(506)	(23,851)	(24,357)
Equity settled Share Based Payments	-	1,064	-	-	1,064
Transfer from Equity Remuneration Reserve	-	(330)	-	330	-
Balance as at 31 December 2018	203,949	1,820	(506)	133,703	338,966

1 *The Equity Remuneration Reserve relates to Performance Rights granted by the Company to Directors and employees. Further information about the share-based payments is set out in Note 25*

The above Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2019

	Notes	12 months ended 31 December 2019 $'000	12 months ended 31 December 2018 $'000
Cash flows from operating activities			
Receipts from customers		75,444	-
Interest received		829	5,169
Interest and fees paid		(2,676)	(517)
Management fees (paid)/received		(48)	220
Payments to suppliers and employees		(22,308)	(7,951)
Payments for exploration and evaluation expensed		(16,810)	(18,078)
Research and development tax benefit		120	-
Income tax paid		(508)	-
Net cash inflow/(outflow) from operating activities	7(b)	34,043	(21,157)
Cash flows from investing activities			
Payments for exploration and evaluation capitalised		(4,176)	(1,846)
Gruyere JV contributions received		-	14,445
Payments for capitalised interest during development		(4,513)	-
Payments for plant and equipment		(37,282)	(177,407)
Payments for derivatives		(513)	-
Receipts for disposal of property, plant and equipment		23	-
Transfers from security deposits		187	60
Payments for tenement acquisitions		(24)	(7,361)
Investments in shares		(50)	-
Net cash outflow from investing activities		(46,348)	(172,109)
Cash flows from financing activities			
Lease repayments		(7,739)	-
Proceeds from borrowings		77,419	3,000
Transaction costs related to loans and borrowings		-	(2,576)
Net cash inflow from financing activities		69,680	424
Cash and cash equivalents at the beginning of the year		43,957	236,799
Net increase/(decrease) in cash and cash equivalents		57,375	(192,842)
Cash and cash equivalents at the end of the year	7	101,332	43,957

The above Consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes.

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Notes to the Consolidated Financial Statements

For the year ended 31 December 2019

Corporate Information and Basis of Preparation

Note 1 Corporate Information

The financial statements cover the consolidated group comprising Gold Road Resources Limited and its subsidiaries, together referred to as Gold Road, the Company or the Group.

Gold Road is a company incorporated and domiciled in Australia, limited by shares, and is a for profit entity whose shares are publicly traded on the Australian Securities Exchange.

Note 2 Basis of Preparation

The financial statements were authorised for issue in accordance with a Resolution of the Directors on 19 March 2020.

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) and the *Corporations Act 2001*.

(a) Compliance with International Financial Reporting Standards

The Consolidated Financial Statements of the Group also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

(b) Historical cost convention

These Consolidated Financial Statements have been prepared under the historical cost convention, and on an accruals basis.

(c) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates - the functional currency. The Consolidated Financial Statements are presented in Australian dollars, which is Gold Road's functional and presentation currency.

(d) Rounding of amounts

The Company is of a kind referred to in ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191 and in accordance with that Instrument, all financial information presented in Australian dollars has been rounded to the nearest thousand unless otherwise stated.

(e) Critical accounting estimates

The preparation of financial statements requires the use of certain estimates, judgements and assumptions that affect the application of the Group's accounting policies. Actual results may differ from these estimates and application of different assumptions and estimates may have a significant impact on the Group's net assets and financial results.

Estimates and assumptions are reviewed on an ongoing basis and are based on the latest available information at each reporting date. Revisions to accounting estimates are recognised in the period in which the estimate is revised. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are found in the following notes.

Note 5(b), Note 8	Exploration and Evaluation
Note 9	Property, Plant and Equipment
Note 13	Rehabilitation Provision
Note 20	Income Tax and Deferred Tax

Financial Performance

Note 3 Segment Information

The Group has identified its operating segments based on the internal reports that are reviewed and used by the Group's Board of Directors, being the Group's Chief Operating Decision Maker (CODM), in assessing performance and in determining the allocation of resources. An operating segment is a component of the Group that engages in business activities which may earn revenue and incur expenditure, and separate financial information is available that is evaluated regularly by the CODM. These are measured in the same way as in the financial statements.

The following have been identified as individual operating segments:

(a) Development and Production

All operating segments within Australia will be one reportable segment being Development and Production, consisting of the Gruyere joint operation with Gold Fields, which transitioned from development to production phase during the year. Exploration activities on Gruyere JV tenements are included in the Exploration segment.

(b) Exploration

The Exploration segment includes the activities on all mineral exploration, including all joint venture tenements.

(c) Unallocated

Unallocated items comprise corporate which includes those expenditures supporting the business during the year, and items that cannot be directly attributed to the Development and Production or Exploration segments.

The segment information for the reportable segments for the year ended 31 December 2019 is as follows:

	Development and Production		Exploration		Unallocated		Total	
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
	31 Dec 2019	31 Dec 2018	31 Dec 2019	31 Dec 2018	31 Dec 2019	31 Dec 2018	31 Dec 2019	31 Dec 2018
Segment revenue	75,444	-	-	-	-	-	75,444	-
Segment profit/(loss) before tax	24,638	(7,368)	(17,638)	(19,282)	(12,215)	(6,938)	(5,215)	(33,588)
Income tax benefit	-	-	-	-	560	9,737	560	9,737
Capital expenditure additions	56,222	281,060	4,179	9,360	444	828	60,845	291,248
Segment assets	541,943	431,100	17,232	13,042	47,853	51,206	607,028	495,348
Segment liabilities	(237,875)	(152,749)	(1,704)	(6)	(31,317)	(3,627)	(270,896)	(156,382)

Recognition and measurement

Operating segments are identified, and segment information disclosed, where appropriate, on the basis of internal reports reviewed by the Board of Directors, being the Company's CODM, as defined by AASB 8.

Note 4 Revenue

	12 months ended 31 December 2019 $'000	12 months ended 31 December 2018 $'000
Revenue from contracts with customers		
Gold revenue[1]	75,444	-
	75,444	-

1 *CLP was achieved on 1 October 2019. Sales revenue of $25.568 million earned pre-CLP is recognised in property, plant and equipment. Refer Note 9.*

Recognition and measurement

The Group recognises revenue at a point in time when control (physical or contractual) is transferred to the buyer, and the amount of revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable.

The Group's gold revenue is recognised when ownership of the gold is transferred from the Company's account to the customer.

Note 5 Expenses

(a) Cost of sales

	12 months ended 31 December 2019 $'000	12 months ended 31 December 2018 $'000
Costs of production	(26,709)	-
Royalties & other selling costs	(2,407)	-
Depreciation & amortisation expense	(11,624)	-
Changes in inventory	(1,362)	-
	(42,102)	-

Prior to the commencement of CLP on 1 October 2019, expenditure of an operating nature was capitalised to property, plant and equipment including pre-CLP production costs and amortisation expense.

(b) Exploration expenditure

	12 months ended 31 December 2019 $'000	12 months ended 31 December 2018 $'000
Costs expensed in relation to areas of interest in the exploration and evaluation phase	(17,638)	(19,282)
	(17,638)	(19,282)

Recognition and measurement

Accounting for exploration and evaluation expenditures is assessed separately for each "area of interest". Each "area of interest" is an individual geological area which is considered to constitute a favourable environment for the presence of a mineral deposit or has been proved to contain such a deposit.

Exploration and evaluation expenditure relating to an area of interest is capitalised when either of the following criteria has been met:

- A Mineral Resource has been defined; or
- The Group has determined that there is a reasonable expectation that Mineral Resources will be defined.

If the criterion is not met, exploration and evaluation expenditure is expensed.

The exception to this treatment is the acquisition of an exploration and evaluation asset through an asset acquisition or business combination which will be recognised as an asset on acquisition and only future exploration and evaluation spend on the area of interest acquired will be subject to the above criteria.

Where a decision has been made to proceed with development in respect of a particular area of interest, the relevant exploration and evaluation asset is tested for impairment and the balance is then transferred to mine development.

Any gain or loss on disposal of an area of interest is recognised in profit or loss.

(c) Corporate and technical services

	12 months ended 31 December 2019 $'000	12 months ended 31 December 2018 $'000
Administration and technical services	(4,292)	(4,207)
Employee benefits expense	(4,142)	(4,363)
Equity based remuneration expense	(1,895)	(1,064)
Depreciation expense	(648)	(684)
	(10,977)	(10,318)

(d) Fair value loss on derivatives

	12 months ended 31 December 2019 $'000	12 months ended 31 December 2018 $'000
Fair value loss on derivatives	(8,829)	(7,215)
	(8,829)	(7,215)

Gold forward sales contracts

At the reporting date, the Group has gold forward sale contracts totalling 111,700 ounces denominated in Australian dollars which are held to be delivered at an average of $1,844 per ounce. Of these, 41,500 ounces are adjusted for the mark-to-market valuation through the profit or loss, performed at each reporting period and which are held to be delivered at an average of $1,794 per ounce.

For the details of the remaining 70,200 ounces of gold forward sales contracts accounted for using the 'own use exemption' under AASB 9 Financial Instruments, refer to Note 29(c).

Put options

At the reporting date, the Group has 30,000 ounces of Australian dollar denominated gold put options with maturity dates over the next 17 months and a strike price of $1,800 per ounce. These are accounted for as derivatives (fair value through profit or loss).

Recognition and measurement

Derivatives are classified as held for trading and accounted for at fair value through profit or loss unless they are accounted for using the 'own use exemption'.

For derivatives classified as held for trading, a mark-to-market valuation is performed on the remaining undelivered ounces, with any changes in the fair value recognised in profit or loss.

They are presented as current assets or liabilities if they are expected to be settled within 12 months after the end of the reporting period.

For derivatives accounted for using the 'own use exemption', all associated revenue is recognised in the profit or loss on the delivery date.

Note 6 Earnings Per Share

	12 months ended 31 December 2019 Cents	12 months ended 31 December 2018 Cents
(a) Basic earnings per share		
Loss attributable to ordinary equity holders of the Company	(0.53)	(2.72)
(b) Diluted earnings per share		
Loss attributable to ordinary equity holders of the Company	(0.53)	(2.72)
(c) Loss used in calculation of basic and diluted earnings per share	$'000	$'000
Loss for the financial year	(4,655)	(23,851)
(d) Weighted average number of shares used as the denominator	No.	No.
Weighted average number of shares used as the denominator in calculating basic earnings per share	878,901,849	877,444,647
Adjustments for calculation of diluted earnings per share:		
Performance Rights[1]	-	-
Weighted average number of shares used as the denominator in calculating diluted earnings per share	878,901,849	877,444,647

1 *There were 5,219,037 Performance Rights outstanding at 31 December 2019 (31 December 2018: 6,017,351) which were excluded from the diluted weighted-average number of ordinary shares calculation because their effect would have been anti-dilutive*

Recognition and measurement

(i) Basic earnings per share

Basic earnings per share is calculated by dividing the earnings attributable to equity holders of the Company, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the year, adjusted for bonus elements in ordinary shares issued during the year.

(ii) Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

Operating Assets and Liabilities

Note 7 Cash and Cash Equivalents

	31 December 2019 $'000	31 December 2018 $'000
Cash at bank	101,332	33,956
Short term deposits	-	10,001
Cash and cash equivalents	101,332	43,957

(a) Cash at bank - Gruyere JV

Included in cash at bank of $101.332 million is $9.501 million representing the Company's share of cash at bank held in the Gruyere JV.

(b) Cash flows from operating activities reconciliation

	12 months ended 31 December 2019 $'000	12 months ended 31 December 2018 $'000
Loss from ordinary activities after income tax	(4,655)	(23,851)
Depreciation and amortisation	12,272	684
Share based payments expense	1,895	1,064
Fair value loss on derivatives	8,829	7,215
Loss on disposal of assets	-	7
Rehabilitation accretion	481	281
Effective interest on borrowings	351	-
Exploration expenditure write offs	457	-
Change in operating assets and liabilities:		
(Increase)/decrease in accrued interest receivable	(15)	1,318
(Increase)/decrease in other operating receivables	(1,774)	664
Increase in inventory	(2,667)	-
Increase in employee entitlements	547	82
Increase in operating trade and other payables	19,390	1,116
Increase in deferred tax asset	(1,068)	(9,737)
Net cash inflow/(outflow) from operating activities	34,043	(21,157)

Recognition and measurement

For cash flow statement presentation purposes, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Note 8 Exploration and Evaluation

	31 December 2019 $'000	31 December 2018 $'000
In the exploration and evaluation phase		
Opening balance	13,042	3,682
Exploration acquisitions during the year	81	7,506
Exploration expenditure written off during the year	(457)	-
Exploration expenditure capitalised during the year	4,098	1,854
Closing balance	16,764	13,042

Recognition and measurement

Accounting for exploration and evaluation expenditures is assessed separately for each "area of interest". Each "area of interest" is an individual geological area which is considered to constitute a favourable environment for the presence of a mineral deposit or has been proved to contain such a deposit.

Exploration and evaluation expenditure relating to an area of interest is capitalised when either of the following criteria has been met:

- a Mineral Resource has been defined; or
- the Group has determined that there is a reasonable expectation that Mineral Resources will be defined.

If the criterion is not met, exploration and evaluation expenditure is expensed.

The exception to this treatment is the acquisition of an exploration and evaluation asset through an asset acquisition or business combination which will be recognised as an asset on acquisition and only future exploration and evaluation spend on the area of interest acquired will be subject to the above criteria.

Where a decision has been made to proceed with development in respect of a particular area of interest, the relevant exploration and evaluation asset is tested for impairment and the balance is then transferred to mine development.

Any gain or loss on disposal of an area of interest is recognised in profit or loss.

Critical accounting estimates and judgements

(a) Determination of Mineral Resources and Ore Reserves

The Group estimates its Mineral Resources and Ore Reserves in accordance with the Joint Ore Reserves Committee Australasian Code of Reporting of Exploration Results, Mineral Resources and Ore Reserves (the JORC Code). The information on Mineral Resources and Ore Reserves is prepared by or under the supervision of Competent Persons as defined in the JORC Code. The amounts presented are based on the Mineral Resources and Ore Reserves determined under the JORC Code.

There are numerous uncertainties inherent in estimating the Mineral Resources and Ore Reserves and assumptions that are valid at the time of estimation may change significantly when new information becomes available.

Changes in the forecast prices of commodities, exchange rates, production costs or recovery rates may change the economic status of Ore Reserves and may ultimately result in the Ore Reserves being restated. Such changes in Ore Reserves could impact on depreciation and amortisation rates, asset carrying values, impairment assessments and provisions.

(b) Impairment of capitalised exploration and evaluation expenditure

Capitalised mineral exploration and evaluation expenditure incurred is accumulated in respect of each identifiable area of interest and are assessed for indicators of impairment during each reporting period.

In the event that an area of interest is abandoned or if the Directors consider the expenditure to be of reduced value, accumulated costs carried forward are written down to recoverable amount in the year in which that assessment is made.

For the purposes of impairment testing, exploration and evaluation assets are allocated to cash-generating units to which the exploration activity relates. The cash-generating unit is not larger than the area of interest.

The future recoverability of capitalised exploration and evaluation expenditure is dependent upon a number of factors, including whether the Group decides to exploit the related lease itself or, if not, whether it expects to successfully recover the related exploration and evaluation asset through sale.

Factors that could impact future recoverability include the level of Mineral Resources and Ore Reserves, future technological changes which could impact the cost of mining, future legal changes (including changes to environmental restoration obligations) and changes to commodity prices.

To the extent that capitalised exploration and evaluation expenditure is determined not to be recoverable in the future, an impairment expense is recognised in the period in which the determination is made.

Note 9 Property, Plant and Equipment

	Plant and Equipment[2] $'000	Buildings $'000	Lease Assets $000	Mine Development Assets[1] $000	Assets Under Construction $'000	Total $'000
31 December 2019						
Opening net book value	1,583	487	115,535	42,215	251,929	411,749
Additions	2,063	191	4,841	16,038	19,187	42,320
Recognition of right-of-use asset on initial application of IFRS 16	-	-	7,900	-	-	7,900
Movement in rehabilitation asset	-	-	-	6,448	-	6,448
Transfer from assets under construction	264,520			3,176	(267,696)	-
Depreciation & amortisation	(5,929)	(211)	(2,717)	(3,414)	-	(12,271)
Disposals	(23)	-	-	-	-	(23)
Net book value	262,214	467	125,559	64,463	3,420	456,123
31 December 2019						
Cost	269,882	2,658	129,738	70,283	3,420	475,981
Accumulated depreciation	(7,668)	(2,191)	(4,179)	(5,820)	-	(19,858)
Closing net book value	262,214	467	125,559	64,463	3,420	456,123
31 December 2018						
Opening net book value	1,230	702	-	34,425	94,196	130,553
Additions	531	39	115,535	-	157,733	273,838
Transfer to plant and equipment	259	-	-	(259)	-	-
Movement in rehabilitation asset	-	-	-	8,049	-	8,049
Disposals	(7)	-	-	-	-	(7)
Depreciation charge	(430)	(254)	-	-	-	(684)
Net book value	1,583	487	115,535	42,215	251,929	411,749
31 December 2018						
Cost	3,340	2,467	115,535	42,215	251,929	415,486
Accumulated depreciation	(1,757)	(1,980)	-	-	-	(3,737)
Closing net book value	1,583	487	115,535	42,215	251,929	411,749

1 *Prior to the commencement of CLP, additions within Mine Development includes revenue from the sale of gold and expenditures of an operating nature (including depreciation and amortisation)*

2 *Included in Property, Plant and Equipment is $4.795 million of interest expense in the 2019 financial year*

Non-current assets pledged as security

Under the Gruyere Joint Venture Agreement, each party's obligations are secured by first ranking securities over each party's share in the assets in the Gruyere Project.

The borrowings under the Finance Facilities are secured by first ranking securities over the assets of the Group or second ranking securities in respect of assets in the Gruyere Project, as disclosed in Note 15.

Recognition and measurement

Property, plant and equipment is stated at historical cost less depreciation and any impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the assets.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the profit or loss during the financial period in which they are incurred.

Depreciation of property, plant and equipment is calculated using the straight line and written down value methods to allocate their cost, net of residual values, over their estimated useful lives, as follows:

Plant and equipment	2 - 15 years / units of production
Buildings	5 – 12 years
Lease assets	5 – 15 years

Mine development assets are amortised on a unit-of-production basis over the resource of the relevant mining area.

The asset's residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Critical accounting estimates and judgements

The group uses the unit-of-production basis when depreciating/amortising life of-mine specific assets which results in a depreciation/amortisation charge proportionate to the depletion of the anticipated remaining life-of-mine production. Each item's economic life, which is assessed annually, has due regard for both its physical life limitations and to present assessments of the available resource of the mine property at which it is located.

(a) Assets under construction

The cost of assets under construction includes the cost of materials and direct labour and any other costs directly attributable to bringing an asset to a working condition ready for its intended use. Borrowing costs related to the acquisition or construction of qualifying assets are capitalised. When the asset is in the location and condition necessary for it to be capable of operating in the manner intended by management, the assets are transferred into property, plant and equipment or mine development assets, as appropriate.

(b) Lease assets

Leases of assets, where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership that is transferred to the Company, are capitalised by recording an asset and a liability at the lower of the amounts equal to the fair value of the leased property or the present value of the minimum lease payments, including any guaranteed residual values.

Leased assets are depreciated on a straight-line basis over the shorter of their estimated useful lives or the lease term.

At transition to AASB 16 on 1 January 2019, for leases classified as operating leases under AASB 117, lease liabilities were measured at the present value of the remaining lease payments, discounted at the Group's incremental borrowing rate as at 1 January 2019. Right-of-use assets are measured at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments.

The Group used the following practical expedients when applying AASB 16 to leases previously classified as operating leases under AASB 117:

- Applied the exemption not to recognise right-of-use assets and liabilities for leases with less than 12 months of lease term.

The Group leases a gas pipeline, power facilities, mine equipment, mine infrastructure and office premises. These leases were classified as finance leases under AASB 117. For these finance leases, the carrying amount of the right-of-use asset and the lease liability at 1 January 2019 were determined at the carrying amount of the lease asset and lease liability under AASB 117 immediately before that date.

(c) Mine development assets

Development expenditure relates to costs incurred to access a Mineral Resource. It represents those costs incurred after the technical feasibility and commercial viability of the extraction of Mineral Resources in a particular area of interest is demonstrated and the identified Ore Reserve is being prepared for production.

Capitalised development expenditure includes:

- Reclassified exploration and evaluation assets;
- Pre-CLP operating costs (net of pre-commercial production income);
- Tailings storage facility assets
- Stripping; and
- Mine closure and rehabilitation assets.

Mine development costs are deferred until commercial production commences at which time they are amortised on a unit of production basis over mineable reserves. Capitalised costs are amortised from the commencement of CLP.

The Group assesses the stage of each mine under development to determine when a mine moves into the production phase, this being when the mine is substantially completed and ready for its intended use. This point is commonly referred to as the attainment of commercial production.

On attainment of commercial production, revenues and expenditures of an operating nature cease to be capitalised to the cost of the mine, and commence being recognised in profit and loss or the cost of inventory. It is also the point at which the depreciation and amortisation of the development assets commences.

The criteria used to assess the start date are determined based on the unique nature of each mine development project, such as the complexity of the project and its location. The Group considers various relevant criteria to assess when the production phase is considered to have commenced.

The criteria used to identify the production start date for the Gruyere Project included a throughput rate of 70% of nameplate capacity, and a minimum average gold recovery of 85% of expected life of mine metallurgical recovery, measured over a month, with the expectation that these metrics will continue to be met or exceeded in the future.

Commercial production start date for the Gruyere Project was achieved on 1 October 2019.

(d) Impairment of assets

The carrying amounts of assets in the development or production phase are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs of disposal (FVLCD). In assessing FVLCD, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit").

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in the Statement of Profit or Loss. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill and then to reduce the carrying amount of the other assets in the unit (group of units) on a pro-rata basis.

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. An impairment loss in respect of goodwill is not reversed.

Note 10 Trade and Other Receivables

	31 December 2019 $'000	31 December 2018 $'000
Current		
Interest receivable	27	12
Prepayments	1,150	9,409
Other receivables	1,787	3,984
Trade and other receivables	2,964	13,405
Non-Current		
Prepayments	-	1,717
Trade and other receivables	-	1,717

Recognition and measurement

Receivables are recognised and carried at original invoice amount less a provision for any uncollectible debts. An estimate for doubtful debts is made when collection of the full amount is no longer probable. Bad debts are written-off as incurred.

Note 11 Inventories

	31 December 2019 $'000	31 December 2018 $'000
Ore stockpiles	7,576	-
Gold in circuit	2,228	-
Consumable supplies and spares	8,488	1,220
Inventories at cost	18,292	1,220

Recognition and measurement

Inventories, comprising ore stockpiles, gold in circuit and gold doré are valued at the lower of weighted average cost and net realisable value. Costs include fixed direct costs, variable direct costs and an appropriate portion of fixed overhead costs. A portion of the related depreciation and amortisation charge is included in the cost of inventory.

Inventories of consumable supplies and spare parts are valued at the lower of cost and net realisable value. Cost is assigned on a weighted average basis. Net realisable value is the estimated selling price in the ordinary course of business less estimated costs of completion, and the estimated costs necessary to make the sale. The recoverable amount of surplus items is assessed regularly and written down to its net realisable value when an impairment indicator is present.

Note 12 Trade and Other Payables

	31 December 2019 $'000	31 December 2018 $'000
Trade payables	8,993	4,315
Accruals and other payables	18,696	7,290
Trade and other payables	27,689	11,605

The carrying amounts of trade and other payables are assumed to be the same as their fair values, due to their short-term nature.

Recognition and measurement

These amounts represent liabilities for goods and services provided to the Group prior to the end of the year which are unpaid. The amounts are unsecured and usually paid within 30 days of recognition.

Note 13 Provisions

	31 December 2019			31 December 2018		
	Current $'000	Non-current $'000	Total $'000	Current $'000	Non-current $'000	Total $'000
Employee entitlements	1,165	1,152[1]	2,317	607	1,750	2,357
Rehabilitation	-	25,050	25,050	-	18,121	18,121
Provisions	1,165	26,202	27,367	607	19,871	20,478

1 *Represents long service leave entitlements.*

(a) Information about individual provisions and significant estimates

(i) Employee entitlements

The provision for employee benefits relates to the Group's liability for long service leave and annual leave.

(ii) Rehabilitation

Rehabilitation costs include the dismantling and removal of mining plant, equipment and building structures, waste removal and restoration of the site in accordance with the requirements of the mining permits. Such costs are determined using estimates of future costs, current legal requirements and technology.

The provision for rehabilitation has been recorded initially as a liability at fair value, assuming a risk-free discount rate of 1.61% at 31 December 2019 (31 December 2018: 2.44%) and an inflation factor of 2.5% (31 December 2018: 2.5%).

(b) Movements in provisions

Movements in each class of provision during the year are set out below:

	Employee Entitlements $'000	Rehabilitation $'000	Total $'000
Opening balance	2,357	18,121	20,478
Additional provisions recognised	433	6,929	7,362
Amounts used during the year	(473)	-	(473)
Closing balance	2,317	25,050	27,367

Recognition and measurement

(i) Wages, salaries and annual leave

Liabilities for wages and salaries, including non-monetary benefits, and annual leave expected to be settled within 12 months of the reporting date are recognised in other payables in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled.

(ii) Long service leave

The liability for long service leave is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date. Consideration is given to expected future salaries, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

(iii) Rehabilitation

When an obligation arises to decommission or restore a site to a certain condition after abandonment as a result of bringing the assets to its present location, the costs of rehabilitation are recognised in full at present value as a non-current liability, and an equivalent amount is capitalised as a part of the cost of the asset.

The capitalised cost is amortised over the life of the project and the provision is accreted periodically as the discounting of the liability unwinds. The unwinding of the discount is recorded as a finance cost.

Any changes in the estimates for the costs or other assumptions against the cost of relevant assets are accounted for on a prospective basis.

Critical accounting estimates and judgements

The Group assesses its mine rehabilitation provision annually. Significant judgement is required in determining the provision for mine rehabilitation and closure as there are many factors that will affect the ultimate liability payable to rehabilitate the mine sites, including future disturbances caused by further development, changes in technology, changes in regulations, price increases, changes in timing of cash flows which are based on life of mine plans and changes in discount rates. When these factors change or become known in the future, such differences will impact the mine rehabilitation provision in the period in which the change becomes known.

Capital and Financial Risk Management

Note 14 Financial Risk Management

Risk management is carried out at a corporate level under policies approved by the Board who maintain overall responsibility for the establishment and oversight of the risk management framework. The Audit & Risk Committee is responsible for developing and monitoring risk management policies. The Committee reports regularly to the Board on its activities.

The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities.

The Group's activities expose it to a variety of financial risks: market risk (including interest rate risk and commodity price risk), credit risk and liquidity risk. The Group's exposure to these risks and how these risks could affect the Group's future financial performance is detailed below.

(a) Categories of financial instruments

	31 December 2019 $'000	31 December 2018 $'000
Financial assets		
Cash and cash equivalents	101,332	43,957
Trade and other receivables	1,095	1,614
Lease assets	125,559	115,535
Other financial assets	659	432
Financial liabilities		
Trade and other payables	27,689	11,605
Interest bearing liabilities	78,508	2,214
Lease liabilities	121,867	115,375
Other financial liabilities	15,465	6,710

(b) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and commodity prices will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising any return.

(i) Foreign exchange risk

At reporting date, the Group has minimal exposure to foreign currency risk. The Group's operations are all located within Australia and material transactions are denominated in Australian dollars, the Group's functional currency.

(ii) Interest rate risk

The Group's income and operating cash flows are exposed to changes in market interest rates in respect of interest bearing assets. These assets are a combination of cash balances on hand which earn interest at variable interest rates and interest bearing term deposits which mitigate variable interest rate risk.

At the reporting date the interest profile of the Group's interest bearing financial instruments was as follows:

	31 December 2019 $'000	31 December 2018 $'000
Fixed rate instruments		
Cash at bank – on deposit	-	10,001
Lease liabilities	(121,867)	(115,375)
Variable rate instruments		
Cash at bank	101,332	34,143
Borrowings	(78,508)	(2,214)

Fair value sensitivity analysis for fixed rate instruments

The Group does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore, a change in interest rates at the reporting date would not affect profit or loss.

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates at the reporting date would have increased/(decreased) profit or loss before tax by the amounts shown below. This analysis assumes that all other variables remain constant.

	31 December 2019 $'000	31 December 2018 $'000
Interest Revenue		
Increase 1.0% (2018:1.0%)	1,013	308
Decrease 1.0% (2018:1.0%)	(1,013)	(308)
Interest Expense		
Increase 1.0% (2018:1.0%)	804	30
Decrease 1.0% (2018:1.0%)	(804)	(30)

(iii) Commodity price risk

The Group's exposure to commodity price risk arises largely from Australian dollar gold price fluctuations. The Group is exposed to commodity price risk due to the sale of gold on physical delivery at prices determined by markets at the time of sale. The Group manages commodity price risk as follows:

Forward sales contracts

Gold price risk is managed through the use of forward sales contracts which effectively fix the Australia dollar gold price and thus provide cash flow certainty.

At the reporting date, the Group had executed 111,700 ounces of Australian dollar denominated gold forward sales contracts which were held to be delivered over the next 33 months at an average of $1,844 per ounce.

Of these, 41,500 ounces are forward contract derivatives held for trading and accounted for at fair value through profit or loss. For derivatives classified as held for trading, a mark-to-market valuation is performed on the remaining undelivered ounces, with any changes in the fair value recognised in profit or loss.

The remaining 70,200 ounces are forward contract derivatives accounted for using the 'own use exemption'. All associated revenue is recognised in the profit or loss on the delivery date. They are presented as current assets or liabilities if they are expected to be settled within 12 months after the end of the reporting period.

The following table reflects the impact on loss after tax relating to the 41,500 ounces of forward contract derivatives held for trading, of a 10% change in the Australia dollar gold price which was $2,161 per ounce at 31 December 2019 (31 December 2018: $1,817 per ounce):

	31 December 2019		31 December 2018	
	10% Increase $'000	10% Decrease $'000	10% Increase $'000	10% Increase $'000
(Increase)/decrease in loss after tax	(6,278)	6,278	(8,903)	(8,903)

Put options

Gold price risk is also managed with the purchase of gold put options to establish gold 'floor prices' in Australian dollars over the Group's gold production; however, this is generally at levels lower than current market prices. These put options enable Gold Road to retain full exposure to current, and any future rises in the gold price while providing protection against a fall in the gold price below the strike price. Gold put options are marked to market at fair value through profit and loss.

At the reporting date, the Group had executed 30,000 ounces of Australian dollar denominated put options with maturity dates over the next 17 months and a strike price of $1,800 per ounce.

(c) Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from cash at bank and deposits. The carrying amount of financial assets represents the maximum credit exposure.

The Group has adopted the policy of dealing with creditworthy counterparties as a means of mitigating the risk of financial loss from defaults. Cash is deposited only with institutions approved by the Board. The Group has determined that it currently has no significant exposure to credit risk as at the reporting date.

(i) Cash and cash equivalents

At the reporting date, the Group held significant cash and cash equivalents. The cash and cash equivalents are held with bank and financial institution counterparties, all of which have investment grade ratings as determined by a reputable credit rating agency e.g. Standard & Poor's.

(ii) Trade and other receivables

The Group's trade and other receivables at the reporting date relates to prepayments, GST receivable from the Australian Taxation Office and interest receivable. The risk of non-recovery of receivables from these sources is considered to be minimal.

In determining the recoverability of trade and other receivables, the Group performs a risk analysis considering the type and age of the outstanding receivable and the creditworthiness of the counterparty. If appropriate, an impairment loss will be recognised in profit or loss. The Group does not have any impaired Trade and Other Receivables as at 31 December 2019 (31 December 2018: Nil).

(d) Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group manages liquidity risk by monitoring immediate and forecasted cash requirements and ensures adequate cash reserves are maintained to pay debts as and when due.

The Group manages its liquidity risk by monitoring its cash reserves and forecast spending. Management is cognisant of the future demands for liquid financial resources to finance the Group's current development activities and future operations, and consideration is given to the liquid assets available to the Group before commitment is made to future expenditure or investment.

(i) Financing arrangements

Financing arrangements are comprised of a $100 million Revolving Corporate Facility, a $50 million Working Capital Facility and a Gold Hedging Arrangement with a syndicate comprising ING Bank Australia, National Australia Bank and Société Générale Hong Kong. At 31 December 2019, $78.508 million of the facility has been drawn net of transaction costs. Subsequent to year end, $50.0 million of the Working Capital Facility was repaid.

The Group leases a gas pipeline, power facilities, mine equipment, mine infrastructure and office premises. Refer to Note 15.

(ii) Maturities of financial liabilities

The tables below analyse the Group's financial liabilities into relevant maturity groupings based on their contractual maturities.

The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

(iii) Contractual maturities of financial liabilities

	Less than one year $'000	Between one and five years $'000	More than five years $'000	Contractual cash flows[1] $'000	Carrying amount $'000
31 December 2019					
Trade and other payables	27,689	-	-	27,689	27,689
Borrowings	52,196	32,082	-	84,278	78,508
Lease liabilities	12,867	61,106	78,242	152,215	121,867
Other financial liabilities	10,814	4,651	-	15,465	15,465
	103,566	97,839	78,242	279,647	243,529
31 December 2018					
Trade and other payables	11,605	-	-	11,605	11,605
Borrowings	-	3,144	-	3,144	2,214
Lease liabilities	10,611	53,592	83,032	147,235	115,375
Other financial liabilities	1,317	5,393	-	6,710	6,710
	23,533	62,129	83,032	168,694	135,904

1 In the March 2020 quarter, $50.0 million of borrowings was repaid

(e) Capital management

The Group's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to maintain sufficient working capital for exploration, development and production assets.

The Group monitors the adequacy of capital by analysing cash flow forecasts for each of its operating segments. Appropriate capital levels are maintained to ensure that all approved expenditure programs are adequately funded.

(f) Dividends

No dividends were paid or proposed during the year.

Recognition and measurement

Recognition and initial measurement

Trade receivables and debt securities issued are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Group becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at fair value through profit or loss, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

Classification and subsequent measurement

(i) Financial assets

On initial recognition, a financial asset is classified as measured at: amortised cost, fair value through other comprehensive income (FVOCI); or fair value through profit or loss (FVTPL). Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income (OCI). This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

(ii) Financial assets – subsequent measurement and gains and losses

Financial assets at fair value through profit or loss

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.

Financial assets at amortised cost

These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Equity investments at fair value through other comprehensive income

These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss.

(iii) Financial liabilities – classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is measured at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Any gain or loss on derecognition is also recognised in profit or loss.

Derecognition

(i) Financial assets

The Group derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

(ii) Financial liabilities

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled or expire. The Group also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

Derivative financial instruments

Derivatives are initially measured at fair value. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are generally recognised in profit or loss.

Fair value measurements

The Group measures some of its assets and liabilities at fair value on either a recurring or non-recurring basis, depending on the requirements of the applicable Accounting Standard.

Fair value is the price the Group would receive to sell an asset or would have to pay to transfer a liability in an orderly (i.e. unforced) transaction between independent, knowledgeable and willing market participants at the measurement date.

As fair value is a market-based measure, the closest equivalent observable market pricing information is used to determine fair value. Adjustments to market values may be made having regard to the characteristics of the specific asset or liability. The fair values of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data.

To the extent possible, market information is extracted from either the principal market for the asset or liability (i.e. the market with the greatest volume and level of activity for the asset or liability) or, in the absence of such a market, the most advantageous market available to the entity at the end of the reporting period (i.e. the market that maximises the receipts from the sale of the asset or minimises the payments made to transfer the liability, after taking into account transaction costs and transport costs).

For non-financial assets, the fair value measurement also takes into account a market participant's ability to use the asset in its highest and best use or to sell it to another market participant that would use the asset in its highest and best use.

The fair value of liabilities and the entity's own equity instruments (excluding those related to share-based payment arrangements) may be valued, where there is no observable market price in relation to the transfer of such financial instruments, by reference to observable market information where such instruments are held as assets. Where this information is not available, other valuation techniques are adopted and, where significant, are detailed in the respective note to the financial statements.

AASB 13: Fair Value Measurement requires the disclosure of fair value information by level of the fair value hierarchy, which categorises fair value measurements into one of three possible levels based on the lowest level that an input that is significant to the measurement can be categorised into as follows:

Level 1 - Measurements based on quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.

Level 2 - Measurements based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 - Measurements based on unobservable inputs for the asset or liability.

The fair values of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data. If all significant inputs required to measure fair value are observable, the asset or liability is included in Level 2. If one or more significant inputs are not based on observable market data, the asset or liability is included in Level 3.

The Group would change the categorisation within the fair value hierarchy only in the following circumstances:

- if a market that was previously considered active (Level 1) became inactive (Level 2 or Level 3) or vice versa; or
- if significant inputs that were previously unobservable (Level 3) became observable (Level 2) or vice versa.

When a change in the categorisation occurs, the Group recognises transfers between levels of the fair value hierarchy (i.e. transfers into and out of each level of the fair value hierarchy) on the date the event or change in circumstances occurred.

The fair value of gold forward sales contracts would be recognised as a Level 2 in the fair value hierarchy, using valuation techniques which maximise the use of observable market data and rely as little as possible on entity specific estimates.

Note 15 Interest Bearing Liabilities

	31 December 2019 $'000	31 December 2018 $'000
Current		
Borrowings	49,553	-
Lease liabilities	8,572	6,573
Interest bearing liabilities - current	58,125	6,573
Non-Current		
Borrowings	28,955	2,214
Lease liabilities	113,295	108,802
Interest bearing liabilities – non-current	142,250	111,016

Borrowings facilities include a $100 million Revolving Corporate Facility and a $50 million Working Capital Facility with a syndicate comprising ING Bank Australia, National Australia Bank and Société Générale Hong Kong. At 31 December 2019, $78.508 million of the facility has been drawn net of transaction costs, of which $50.0 million was repaid subsequent to year end.

The Working Capital Facility has been classified as a current liability in accordance with its final contractual date for repayment of December 2020.

These facilities are secured by first ranking securities over the assets of the Group or second ranking securities in respect of assets in the Gruyere Project, as disclosed in Note 9.

The lease liabilities relate to the gas pipeline, power facilities, mine infrastructure and equipment contracts and office premises.

Lease liabilities are payable as follows:

	Contractual undiscounted lease payments	
	2019 $'000	2018 $'000
Less than one year	12,867	10,611
Between one and five years	61,106	53,592
More than five years	78,242	83,032
	152,215	147,235

Recognition and measurement

(i) Leases

At the inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration, recognises a right-of-use asset and a lease liability at the lease commencement date.

The right-of-use asset is initially measured at cost and subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses the incremental borrowing rate as the discount rate.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or if the Group changes its assessment of whether it will exercise a purchase, extension or termination option.

(ii) Borrowings

Interest bearing borrowings are initially measured at fair value, net of directly attributable transaction costs. After initial recognition, interest-bearing borrowings are subsequently measured at amortised cost using the effective interest rate method.

Changes in significant accounting policies

The Group has adopted AASB 16 Leases from 1 January 2019.

AASB 16 introduced a single, on-balance sheet accounting model for lessees. As a result, the Group, as a lessee, has recognised right-of-use assets representing its rights to use the underlying assets and lease liabilities representing its obligation to make lease payments.

The Group has applied AASB 16 using the modified retrospective approach, under which the cumulative effect of initial application is recognised in retained earnings at 1 January 2019. Accordingly, the comparative information presented for 2018 has not been restated - i.e. it is presented, as previously reported, under AASB 117 and related interpretations. The details of the changes in accounting policies are disclosed below.

(b) Definition of a lease

Previously, the Group determined at contract inception whether an arrangement was or contained a lease under Interpretation 4: Determining Whether an Arrangement contains a Lease. The Group now assesses whether a contract is or contains a lease based on the new definition of a lease. Under AASB 16, a contract is, or contains, a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration.

On transition to AASB 16, the Group elected not to apply the practical expedient to grandfather the assessment of which transactions are leases. Therefore, the definition of a lease under AASB 16 has been applied to all open contracts from 1 January 2019.

At inception or on reassessment of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease and non-lease component on the basis of their relative stand-alone prices.

(c) As a lessee

The Group leases assets, including a gas pipeline, power facilities, mining equipment, mine infrastructure and office premises.

As a lessee, the Group previously classified leases as operating or finance leases based on its assessment of whether the lease transferred substantially all of the risks and rewards of ownership. Under AASB 16, the Group recognises right-of-use assets and lease liabilities for most leases - i.e. these leases are on-balance sheet.

However, the Group has elected not to recognise right-of-use assets and lease liabilities for some leases of low-value assets. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

The Group presents right-of-use assets in 'property, plant and equipment', the same line item as it presents underlying assets of the same nature that it owns.

The Group presents lease liabilities in 'interest bearing liabilities' in the Consolidated Statement of Financial Position.

(i) Significant accounting policies

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, and subsequently at cost less any accumulated depreciation and impairment losses and adjusted for certain remeasurements of the lease liability.

The leases liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group' s incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

The lease liability is subsequently increased by the interest cost on the lease liability and decreased by lease payments made. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, a change in the estimate of the amount expected to be payable under a residual value guarantee, or as appropriate, changes in the assessment of whether a purchase or extension option is reasonably certain to be exercised or a termination option is reasonably certain not to be exercised.

(ii) Transition

At transition, for leases classified as operating leases under AASB 117, lease liabilities were measured at the present value of the remaining lease payments, discounted at the Group's incremental borrowing rate as at 1 January 2019. Right-of-use assets are measured at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments.

The Group used the following practical expedients when applying AASB 16 to leases previously classified as operating leases under AASB 117:

- applied the exemption not to recognise right-of-use assets and liabilities for leases with less than 12 months of lease term.

The Group leases a gas pipeline, power facilities, mine equipment, mine infrastructure and office premises. These leases were classified as finance leases under AASB 117. For these finance leases, the carrying amount of the right-of-use asset and the lease liability at 1 January 2019 were determined at the carrying amount of the lease asset and lease liability under AASB 117 immediately before that date.

(d) Impact on financial statements

(i) Impacts on transition

On transition to AASB 16, the Group recognised additional right-of-use assets with property, plant and equipment, and additional lease liabilities. The impact on transition is summarised below.

In thousands of dollars	*1 January 2019*
Right-of-use presented in property, plant and equipment	$7.9 million
Lease liabilities presented in interest bearing liabilities	$7.9 million

There was no impact on retained earnings at 1 January 2019.

When measuring lease liabilities for leases that were classified as service contracts, the Group discounted lease payments using its incremental borrowing rate at 1 January 2019. The weighted average rate applied is 5.2%.

(ii) Impacts for the year

During the year, the Group recognised $1.0 million of pre-CLP depreciation charges that were capitalised to inventory and $0.3 million of post CLP depreciation was expensed to the Statement of Profit or Loss. Principal lease repayments of $1.2 million were made.

(iii) End of year balances

As a result of initially applying AASB 16, in relation to the leases that were previously classified as service contracts, the Group recognised $6.6 million of right-of-use assets and $6.7 million of lease liabilities as at 31 December 2019.

Note 16 Other Financial Liabilities

	31 December 2019 $'000	31 December 2018 $'000
Current		
Gold forward sales contracts	(10,814)	-
Other financial liabilities - current	(10,814)	-
Non-Current		
Gold forward sales contracts	(4,651)	-
Other financial liabilities– non-current	(4,651)	-

At the reporting date, the Group has gold forward sales contracts denominated in Australian dollars totalling 41,500 ounces which are adjusted for the mark-to-market valuation through the profit and loss performed at each reporting period.

Recognition and measurement

For details on the recognition and measurement of financial instruments refer to Note 4(d).

Note 17 Contributed Equity

(a) Share capital

	31 December 2019 Number	31 December 2018 Number	31 December 2019 $'000	31 December 2018 $'000
Ordinary shares	878,901,849	877,498,274	203,949	203,949
Total share capital	878,901,849	877,498,274	203,949	203,949

(b) Movements in ordinary shares during the year

	Number of shares (thousands)	Total $'000
Opening balance	877,498	203,949
Performance Rights exercised	1,404	-
Closing balance	878,902	203,949

(c) Ordinary shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the Company in proportion to the number of and amounts paid on the shares held.

On a show of hands every holder of ordinary shares present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each share is entitled to one vote. Ordinary shares have no par value and the Company does not have a limited amount of authorised capital. The Company's shares are limited whereby the liability of its members is limited to the amount (if any) unpaid on the shares respectively held by them.

(d) Performance Rights

Information relating to the Plan, including details of Performance Rights issued, exercised and lapsed during the year and Performance Rights outstanding at the end of the financial year, is set out in Note 25.

Recognition and measurement

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

Note 18 Reserves and Retained Earnings

(a) Equity remuneration reserve

	31 December 2019 $'000	31 December 2018 $'000
Opening balance	1,820	1,086
Transfer to retained earnings	(1,054)	(330)
Net movements in Performance Rights	1,895	1,064
Closing balance	2,661	1,820

Nature and purpose of Equity Remuneration Reserves

The equity remuneration reserve is used to recognise the cumulative expense recognised in respect of Performance Rights granted. Refer to Note 25 for further information.

(b) Fair value reserve

	31 December 2019 $'000	31 December 2018 $'000
Opening balance	(506)	-
Transfer to fair value reserve	(74)	(506)
Closing balance	(580)	(506)

Nature and purpose of Fair Value Reserve

The fair value reserve is used to recognise the cumulative change in fair value of investments measured at fair value through other comprehensive income.

(c) Retained earnings

	31 December 2019 $'000	31 December 2018 $'000
Opening balance	133,703	157,224
Loss for the year	(4,655)	(23,851)
Transfer from equity remuneration reserve	1,054	330
Closing balance	130,102	133,703

Note 19 Dividends

No dividends were paid or proposed during the year.

Franking credits available to shareholders of Gold Road for subsequent financial years is $65,718,984 (31 December 2018: $65,718,984). The ability to utilise the franking credits is dependent upon the ability to declare dividends.

Other Information

Note 20 Income Tax and Deferred Tax

(a) Income tax (benefit)/expense

	31 December 2019 $'000	31 December 2018 $'000
Current tax	508	-
Deferred tax	(1,068)	(9,737)
	(560)	(9,737)

(b) Numerical reconciliation of income tax (benefit)/expense to prima facie tax payable

	31 December 2019 $'000	31 December 2018 $'000
Loss before income tax	(5,215)	(33,588)
Income tax benefit calculated at 30% (December 2018: 30%)	(1,565)	(10,076)
Non-deductible expenses	578	333
Other	-	6
Prior period adjustments	426	-
Income tax benefit	(560)	(9,737)

Deferred Tax Assets and Liabilities

(c) Recognised deferred tax balances

	31 December 2019 $'000	31 December 2018 $'000
Deferred tax assets	36,655	28,958
Deferred tax liabilities	(25,761)	(19,132)
Net deferred tax assets	10,894	9,826

Composition of deferred tax liabilities and assets:

(c) Recognised deferred tax balances

	31 December 2019 $'000	31 December 2018 $'000
Deferred tax liabilities		
Exploration expenditure	(3,022)	(1,787)
Mine development expenditure	(22,114)	(17,168)
Property, plant and equipment	1,012	-
Leases	(866)	-
Other deferred tax liabilities	(771)	(177)
Gross deferred tax liabilities	(25,761)	(19,132)
Set-off of deferred tax assets	25,761	19,132
Net deferred tax liabilities	-	-

	31 December 2019 $'000	31 December 2018 $'000
Deferred tax assets		
Provisions, trade and other payables	12,972	7,836
Expenses deductible over time	177	565
Tax losses carried forward	23,506	20,557
Gross deferred tax assets	36,655	28,958
Set off of deferred tax assets	(25,761)	(19,132)
Net deferred tax assets	10,894	9,826

(d) Unrecognised deferred tax balances

	31 December 2019	31 December 2018
Composition of deferred tax assets not recognised during the year:		
Temporary differences	1,200	1,200
Gross deferred tax assets unrecognised	1,200	1,200

Tax Losses

Effective 1 January 2017, the Company made an election to form a tax consolidated group, comprising all of its wholly owned subsidiaries. As a consequence, all members of the tax-consolidated group are taxed as a single entity. The head entity within the tax-consolidated group is Gold Road Resources Limited.

At 31 December 2019 the Company had tax losses of $78.353 million (31 December 2018: $67.5 million) which were recognised in full as a deferred tax asset on the basis that it is probable the Group will generate sufficient taxable profits to utilise the losses recognised as a deferred tax asset.

Recognition and measurement

(i) Income tax

The income tax expense or benefit for the year is the tax payable or receivable on the current period's taxable income based on the national income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to the temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements, and to unused tax losses.

(ii) Deferred tax

Deferred tax assets and liabilities are recognised for temporary timing differences at the tax rates expected to apply when the assets are recovered or liabilities are settled, based on those tax rates which are enacted or substantially enacted for each jurisdiction. The relevant tax rates are applied to the cumulative amounts of deductible and taxable temporary differences to measure the deferred tax asset or liability. An exception is made for certain temporary differences arising from the initial recognition of an asset or a liability. No deferred tax asset or liability is recognised in relation to those timing differences if they arose in a transaction, other than a business combination, that at the time of the transaction did not affect either accounting profit or taxable profit or loss.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in controlled entities where the parent is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax balances attributable to amounts recognised directly in equity are also recognised directly in equity.

Critical accounting estimates and judgements

The Group is subject to income taxes in Australia. Significant judgement is required in determining the provision for income taxes. There are certain transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The Group estimates its tax liabilities based on the Group's understanding of the tax law. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred income tax assets and liabilities in the period in which such determination is made.

Judgement is required to determine whether deferred tax assets are recognised in the balance sheet. Deferred tax assets, including those arising from unutilised tax losses, require management to assess the likelihood that the group will generate sufficient taxable earnings in the future periods in order to recognise and utilise those deferred tax assets. Judgement is also required in respect of the expected manner of recovery of the value of an asset or liability (which will then impact the quantum of the deferred tax assets or deferred tax liabilities recognised) and the application of existing laws in each jurisdiction.

Estimates of future taxable income are based on forecast cash flows from operations and existing tax laws in each jurisdiction. These assessments require the use of estimates and assumptions such as exchange rates, commodity prices and operating performance over the life of the assets. To the extent that cash flows and taxable income differ significantly from estimates, the ability of the group to realise the net deferred tax assets reported at the reporting date could be impacted.

Additionally, future changes in tax laws could limit the ability of the group to obtain tax deductions and recover/utilise deferred tax assets in future periods. As at 31 December 2019 the ability of the Gold Road tax group to access and utilise carried forward tax losses has been assessed as probable.

Note 21 Interests in Other Entities

(a) Subsidiaries

The Group's subsidiaries at 31 December 2019 are set out below. The Consolidated Financial Statements incorporate the assets, liabilities and results of the following principal subsidiaries:

Name	Principal place of business	Ownership interest	
		31 December 2019 %	31 December 2018 %
Gold Road (Gruyere) Pty Ltd	Australia	100	100
Gold Road (Gruyere Holdings) Pty Ltd	Australia	100	100
Gold Road (North Yamarna) Pty Ltd	Australia	100	100
Gold Road (North Yamarna Holdings) Pty Ltd	Australia	100	100
Gold Road (South Yamarna) Pty Ltd	Australia	100	100
Gold Road (South Yamarna Holdings) Pty Ltd	Australia	100	100
Gold Road (Projects) Pty Ltd	Australia	100	100

The above subsidiaries have share capital consisting solely of ordinary shares that are held directly by the Group, and the proportion of ownership interests held equals the voting rights held by the Group. The country of incorporation or registration is also their principal place of business.

(b) Joint operations

Name	Principal activity	Principal place of business	Ownership interest	
			31 December 2019 %	31 December 2018 %
Gruyere Unincorporated Joint Venture	Exploration & Production	Australia	50	50
Yandina Unincorporated Joint Venture	Exploration	Australia	75	75
Lake Grace Unincorporated Joint Venture	Exploration	Australia	51	-

(i) Gruyere Joint Operation

On 13 December 2016, the Company entered into the Gruyere JV with a wholly owned subsidiary of Gold Fields with the objective of developing and operating the Gruyere Project in Western Australia. The joint venture is a contractual arrangement between participants for the sharing of costs and outputs. It does not in itself generate revenue and profit and is not structured through a separate vehicle. Management have classified the arrangement as a joint operation and the Group recognises its direct right to the jointly held assets, liabilities, revenues and expenses. Gold Fields is manager of the joint venture and has delegated responsibility for managing all exploration activities to Gold Road.

(ii) Yandina Joint Operation

On 16 March 2018 the Group entered into the Yandina Joint Venture with Cygnus, on a 75% Gold Road and 25% Cygnus ownership basis. Cygnus is manager of the joint venture.

(iii) Lake Grace Joint Operation

On 30 April 2019, the Group earned a 51% interest by spending $700,000 under the Lake Grace Earn-in Agreement and formed the Lake Grace Joint Venture. Following this initial earn-in, the Group committed a further $500,000 ($1.2 million in aggregate) over 18 months to earn a further 24% interest (75% in total). Cygnus is manager of the joint venture.

Recognition and measurement

(a) Basis of consolidation

The financial statements incorporate, where considered material, all of the assets, liabilities and results of the parent and all of the subsidiaries. Subsidiaries are entities the parent controls. The parent controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

The assets, liabilities and results of all subsidiaries are fully consolidated into the financial statements of the Group from the date on which control is obtained by the Group. The consolidation of a subsidiary is discontinued from the date that control ceases. Intercompany transactions, balances and unrealised gains or losses on transactions between Group entities are fully eliminated on consolidation.

(b) Joint arrangements

Under AASB 11: Joint Arrangements investments in joint arrangements are classified as either joint operations or joint ventures. The classification depends on the contractual rights and obligations of each investor, rather than the legal structure of the joint arrangement. A joint operation is a joint arrangement in which the parties with joint control have rights to the assets and obligations for the liabilities relating to that arrangement.

(c) Joint operations

The Group recognises its direct right to the assets, liabilities, revenues and expenses of joint operations and its share of any jointly held or incurred assets, liabilities, revenues and expenses. These have been incorporated in the financial statements under the appropriate headings.

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Note 22 Deed of Cross Guarantee

Pursuant to ASIC Instrument 2016/785, wholly-owned controlled entities Gold Road (Gruyere Holdings) Pty Ltd and Gold Road (Gruyere) Pty Ltd are relieved from the Corporations Act 2001 requirements for preparation, audit and lodgement of its financial reports and director's report.

It is a condition of the Class Order that the Company and each of its eligible controlled entities enter into a Deed of Cross Guarantee. Effective from December 2019, Gold Road Resources Ltd, Gold Road (Gruyere Holdings) Pty Ltd and Gold Road (Gruyere) Pty Ltd entered into a Deed of Cross Guarantee and formed the Closed group.

The effect of the Deed is that Gold Road Resources Limited has guaranteed to pay any deficiency in the event of winding up of the abovementioned controlled entities under certain provisions of the Corporations Act 2001. Gold Road (Gruyere Holdings) Pty Ltd and Gold Road (Gruyere) Pty Ltd have also given a similar guarantee in the event that Gold Road Resources Limited is wound up.

A Consolidated Statement of Comprehensive Income and Consolidated Balance Sheet comprising the Closed group which are parties to the Deed of Cross Guarantee, after eliminating all transactions between parties to the Deed is set out below.

Closed Group Statement of Comprehensive Income

For the year ended 31 December 2019

	1 month ended 31 December 2019 $'000
Sales revenue	21,990
Cost of sales	(14,145)
Gross profit	7,845
Other income	
Fair value gain on derivatives	1,521
Total other income	1,521
Exploration expenditure	(16)
Corporate and technical services	(1,125)
Impairment of assets	(7,358)
Profit before finance and income tax	867
Finance income	79
Finance expenses	(721)
Profit before income tax	225
Income tax expense	(1,433)
Loss for the year	(1,208)
Other comprehensive loss for the year	-
Total comprehensive loss for the year	(1,208)

Closed Group Statement of Financial Position

For the year ended 31 December 2019

	31 December 2019 $'000
ASSETS	
Current assets	
Cash and cash equivalents	101,332
Trade and other receivables	2,964
Other financial assets	85
Inventories	18,292
Total current assets	122,673
Non-current assets	
Property, plant and equipment	456,123
Exploration and evaluation	7,648
Other financial assets	357
Deferred tax asset	13,321
Total non-current assets	477,449
TOTAL ASSETS	600,122
LIABILITIES	
Current liabilities	
Trade and other payables	27,689
Provisions	1,165
Interest bearing liabilities	58,125
Other financial liabilities	10,814
Total current liabilities	97,793
Non-current liabilities	
Provisions	26,202
Interest bearing liabilities	142,250
Other financial liabilities	10,138
Total non-current liabilities	178,590
TOTAL LIABILITIES	276,383
Net assets	323,739
EQUITY	
Contributed equity	203,949
Reserves	2,660
Retained earnings	117,130
TOTAL EQUITY	323,739

Note 23 Parent Entity Financial Information

The following details information relating to the parent entity, Gold Road Resources Limited, at 31 December 2019.

(a) Result of parent entity

	12 months ended 31 December 2019 $'000	12 months ended 31 December 2018 $'000
(Loss)/profit for the year	(56,405)	30,257
Other comprehensive income	-	-
Total comprehensive (loss)/profit for the year	(56,405)	30,257

(b) Financial position of parent entity

	31 December 2019 $'000	31 December 2018 $'000
Current assets	34,926	38,979
Total assets	777,198	754,586
Current liabilities	3,571	2,800
Total liabilities	82,320	5,197

(c) Total equity of parent entity

	31 December 2019 $'000	31 December 2018 $'000
Contributed equity	203,949	203,949
Reserves	2,660	1,820
Retained earnings	488,269	543,620
Total equity	694,878	749,389

(d) Guarantees entered into by the parent entity

Refer to Note 28(a). Additionally, the Company has provided a parent company guarantee to its wholly owned subsidiary Gold Road (Projects) Pty Ltd for its obligations under the Lake Grace Earn-in Joint Venture Agreement.

(e) Contingent liabilities of the parent entity

Other than as disclosed in Note 28(a), the parent entity has no contingent liabilities as at 31 December 2019.

(f) Contractual commitments for the acquisition of property, plant or equipment

The parent entity has no contractual commitments for the acquisition of property, plant or equipment as at 31 December 2019.

Note 24 Related Party Transactions

(a) Parent entities

The ultimate parent entity within the Group is Gold Road Resources Limited.

(b) Subsidiaries

Interests in subsidiaries are set out in Note 21.

(c) Compensation for Key Management Personnel

	12 months ended 31 December 2019 $	12 months ended 31 December 2018 $
Short-term employee benefits	1,413,635	1,637,460
Post-employment benefits	58,886	63,156
Share-based payments	917,243	394,225
Total compensation	2,389,764	2,094,841

Detailed remuneration disclosures are provided in the Remuneration Report on pages 44 to 55.

(d) Transactions with other related parties

The following transactions occurred with related parties:	31 December 2019 $	31 December 2018 $
Management fees received	(51,840)	203,790

(e) Outstanding balances

The following balances are outstanding at the end of the reporting period in relation to transactions with related parties:	31 December 2019 $	31 December 2018 $
Current receivables		
Other receivables – Cygnus	-	-
Other receivables – Gruyere Management Pty Ltd	311,025	52,205
Current payables		
Other payables - Cygnus	35,840	
Other payables - Gruyere Management Pty Ltd	226,066	-

Other current receivables and the current payables have no formal repayment terms. Each party's obligations are secured over the assets in the Gruyere Project.

(f) Loans made to related parties

No loans were made to related parties, Directors or any other senior personnel, including personally related entities during the reporting period.

(g) Terms and conditions

All related party transactions were made on normal commercial terms and conditions and at market rates.

There is no allowance account for impaired receivables in relation to any outstanding balances, and no expense has been recognised in respect of impaired receivables due from related parties.

Note 25 Share-Based Payments

(a) Expenses arising from share-based payment transactions

Total expenses arising from share-based payment transactions recognised during the year were as follows:

	12 months ended 31 December 2019 $'000	12 months ended 31 December 2018 $'000
Expenses arising from equity settled share-based payment transactions	1,895	1,064
	1,895	1,064

(b) Types of share-based payment plans

The Plan was established and approved by shareholders at the AGM held on 18 November 2013, and was amended and approved by shareholders at the AGM held on 17 November 2017. The 2017 Plan provides for Performance Rights as detailed below.

(i) Performance Rights

Performance Rights to be issued under the Plan have varying vesting periods as determined by the Board at the date of grant except under certain circumstances whereby Performance Rights may be capable of exercise prior to the expiry of the vesting period. Participation in the Plan is at the Board's discretion and no individual has a contractual right to participate in the Plan or to receive any guaranteed benefits. Unless the Board determines otherwise in its absolute discretion, the Performance Rights of any participant in the scheme lapse where the relevant person ceases to be an employee or Director of the Company.

(c) Performance Rights

The following table illustrates the number of, and movements in, Performance Rights during the year.

	31 December 2019 Number	31 December 2018 Number
Outstanding at the beginning of the year	6,017,351	4,760,718
Performance Rights granted (i)	3,117,585	3,281,269
Performance Rights exercised (ii)	(1,403,575)	(407,875)
Lapsed/cancelled during the year	(893,153)	-
Forfeited during the year	(1,619,171)	(1,616,761)
Outstanding at the end of the year (iii)	5,219,037	6,017,351
Vested and exercisable at the end of the year	-	-

(i) Performance Rights granted during the year

Number of Performance Rights Granted	Incentive Plan	Fair Value at Grant Date	Grant Date	Performance Period End Date[1]
40,984	2016-2019 LTI[3]	$0.491[3]	1 January 2019	30 June 2019
40,983	2016-2019 LTI[2]	$0.700[2]	1 January 2019	30 June 2019
478,957	2018 STI[2]	$0.770[2]	31 January 2019	31 December 2018
6,073	Retention[4]	$0.630[2]	1 January 2019	30 June 2019
6,073	Retention[4]	$0.630[2]	1 January 2019	30 June 2020
12,483	Retention[4]	$0.650[2]	14 January 2019	30 June 2019
12,483	Retention[4]	$0.650[2]	14 January 2019	30 June 2020
3,691	Retention[4]	$1.060[2]	6 June 2019	30 June 2019
3,690	Retention[4]	$1.060[2]	6 June 2019	30 June 2020
10,402	Retention[4]	$1.365[2]	5 Sep 2019	30 June 2020
275,000	Retention[4]	$0.630[2]	29 May 2019	1 January 2020
1,475,568	2019-2021 LTI[2]	$0. 980[2]	29 May 2019	31 December 2021
751,198	2019-2021 LTI[3]	$0.600[3]	29 May 2019	31 December 2021
3,117,585	Total Performance Rights granted during the year			

1 Subsequent to the performance period end date, the Board determines the number of Performance Rights that vest

2 Performance Rights granted subject to non-market based performance conditions had their values verified using a Black-Scholes pricing model

3 Performance Rights granted subject to market based performance conditions had their values verified using a Monte Carlo simulation

4 Performance Rights granted subject to non-KMPs remaining an employee at the performance period end date

(ii) Performance Rights exercised during the year

Number of Performance Rights Exercised	Incentive Plan	Grant Date	Performance Period End Date	Vesting Date
478,957	2018 STI	1 June 2018	31 December 2018	31 January 2019
230,140	Retention	22 July 2018	30 June 2019	30 June 2019
8,705	Retention	22 July 2018	30 June 2019	10 Sep 2019
12,146	Retention	16 Sep 2018	30 June 2019	30 June 2019
12,483	Retention	14 January 2019	30 June 2019	30 June 2019
3,691	Retention	6 June 2019	30 June 2019	30 June 2019
657,453	2016-2019 LTI	4 January 2017	30 June 2019	13 August 2019
1,403,575	Total Performance Rights exercised			

(iii) As at the balance date unissued ordinary shares of the Company under Performance Rights are:

Outstanding	Incentive Plan	Grant Date	Performance Period End Date[1]
500,638	2017-2020 LTI	17 November 2019	31 December 2020
374,826[2]	2017-2020 LTI	17 November 2019	31 December 2020
813,667	2018-2020 LTI	25 May 2018	31 December 2020
380,273[2]	2018-2020 LTI	25 May 2018	31 December 2020
425,101	Retention	24 July 2018	1 July 2021
222,766	Retention	19 August 2018	30 June 2020
275,000[3]	Onboarding	17 September 2018	1 January 2020
1,025,476	2019-2021 LTI	29 May 2019	31 December 2021
1,201,290[4]	2019-2021 LTI	29 May 2019	31 December 2021
5,219,037	Total Performance Rights outstanding		

1 *Subsequent to the end of the performance period end date, the Board determines the number of Performance Rights that vest*
2 *Represents Performance Rights issued to Executive Directors. The key vesting conditions and performance conditions are that the holders must remain employed until 31 December 2020, 50% of the Performance Rights will vest and convert over a three year measurement period to 31 December 2020 based on meeting market based performance criteria, and 50% will vest on meeting non-market performance conditions by 31 December 2020*
3 *Represents Performance Rights issued to Executive Directors. The key vesting conditions and performance conditions are that the holders must remain employed until 1 January 2020*
4 *Represents Onboarding Performance Rights issued to Mr Gibbs. The key vesting conditions and performance conditions are that the holders must remain employed until 31 December 2021. Of these Performance Rights, 35% will vest and convert over a three year measurement period to 31 December 2021 based on meeting market based performance criteria and 68.7% will vest on meeting non-market performance conditions by 31 December 2021 (which includes provision for a stretch of 125% of the 15% EPS metric resulting in a stretch target of 18.7%)*

(iv) Weighted average remaining contractual life

The weighted average remaining contractual life for the Performance Rights outstanding as at 31 December 2019 is 2.40 years (31 December 2018: 2.06 years).

(v) Weighted average fair value

The weighted average fair value of the Performance Rights granted during the year was 81.27 cents.

(vi) Fair value of Performance Rights granted

The fair value of Performance Rights allocated as part of the STIs are valued by multiplying the underlying market value at grant date of the ordinary shares over which they are granted. The fair value of Performance Rights allocated as part of the LTIs are valued using a Monte Carlo simulation for rights with market based vesting conditions and Black-Scholes pricing model for rights with non-market based vesting conditions.

The following table lists the inputs to the models used for Performance Rights granted as LTIs during the year ended 31 December 2019:

	Tranche A[1]	Tranche B[1]	Tranche C[2]	Tranche D[1]
Underlying share price at measurement date	$0.980	$0.980	$0.980	$0.980
Exercise price	Nil	Nil	Nil	Nil
Grant date	29 May 2019	29 May 2019	29 May 2019	29 May 2019
Life of the Rights (years)	3.00	3.00	3.00	3.00
Vesting period (years)	2.59	2.59	2.59	2.59
Volatility	40%	40%	40%	40%
Risk-free rate	1.10%	1.10%	1.10%	1.10%
Valuation per Right	$0.980	$0.980	$0.600	$0.980

1 *Performance Rights granted subject to non-market based performance conditions had their values verified using a Black-Scholes pricing model*
2 *Performance Rights granted subject to market based performance conditions had their values verified using a Monte Carlo simulation*

The expected price volatility is based on the historic volatility (based on the remaining life of the Performance Right), adjusted for any expected changes to future volatility due to publicly available information.

Recognition and measurement

Share-based compensation payments are made available to Directors and employees.

The fair value of Share Options at grant date is determined using a Black-Scholes pricing model that takes into account the exercise price, the term of the instrument, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk-free rate for the term of the instrument.

The fair value of Performance Rights allocated as part of the STIs are valued by multiplying the underlying market value at grant date of the ordinary shares over which they are granted. The fair value of Performance Rights allocated as part of the LTIs are valued using a Monte Carlo simulation for rights with market based vesting conditions and Black-Scholes pricing model for rights with non-market based vesting conditions.

The grant date fair value of any instrument granted to employees is recognised as an employee expense, with a corresponding increase in equity, over the period that the employees become unconditionally entitled to the instrument. The amount recognised as an expense is adjusted to reflect the actual number of instruments that vest, however no adjustment is made where the rights fail to vest due to market conditions not being met.

The fair value of the instruments granted is adjusted to reflect market vesting conditions. Non-market vesting conditions are included in assumptions about the number of instruments that are expected to become exercisable. At each reporting date, the Company revises its estimate of the number of instruments that are expected to become exercisable. The employee benefit expense recognised each period takes into account the most recent estimate.

Note 26 Remuneration of Auditors

During the year the following fees were paid or payable for services provided by the auditor of the parent entity, its related practices and non-related audit firms:

	12 months ended 31 December 2019 $	12 months ended 31 December 2018 $
(a) Audit and other assurance services		
Audit and review of financial statements	134,405	89,510
Total remuneration for audit and other assurance services	134,405	89,510
(b) Taxation services		
Tax advice and related services	70,054	80,423
Total remuneration for taxation services	70,054	80,423
(c) Other services		
Consulting and other services	14,053	68,568
Total remuneration for other services	14,053	68,568
Total remuneration of KPMG	218,512	238,501

It is the group's policy to employ KPMG on assignments additional to their statutory audit duties where their expertise and experience with the group are important. These assignments are principally tax advice and consulting services.

Note 27 New Standards and Interpretations

Adopted

(a) AASB 16: Leases (applicable to annual reporting periods commencing on or after 1 January 2019).

AASB 16 introduced a single, on-balance sheet accounting model for lessees. As a result, the Group, as a lessee, has recognised right-of-use assets representing its rights to use the underlying assets and lease liabilities representing its obligation to make lease payments.

The Group has applied AASB 16 using the modified retrospective approach, under which the cumulative effect of initial application is recognised in retained earnings at 1 January 2019. Accordingly, the comparative information presented for 2018 has not been restated i.e. it is presented, as previously reported, under AASB 117 and related interpretations. The details of the changes in accounting policies are disclosed below.

Unrecognised Items

Note 28 Contingencies

Contingent liabilities

Guarantees

The Company has provided bank guarantees in favour of various service providers in respect to contractual obligations and leased premises at 31 December 2019. The total of these guarantees at 31 December 2019 was $93,763 with various financial institutions (31 December 2018: $187,000).

The Group also has guarantees in relation to its joint venture commitments in favour of various service providers with respect to the supply of electricity and development of associated infrastructure for the joint venture. The Group's portion of these commitments at 31 December 2019 was $37.500 million with various financial institutions (31 December 2018: $37.500 million).

There were no other material contingent liabilities noted or provided for in the financial statements of the Group as at 31 December 2019.

Note 29 Commitments

(a) Exploration expenditure commitments

In order to maintain current rights of tenure to exploration tenements the Group has certain obligations to perform minimum exploration work on mineral leases held. These obligations may vary over time, depending on the Group's exploration programmes and priorities. These obligations are not provided for in the financial report and are payable:

	31 December 2019 $'000	31 December 2018 $'000
Within one year	5,290	5,261
	5,290	5,261

(b) Commitments in respect of joint ventures

The Group has the following commitments in relation to joint operation requirements:

	31 December 2019 $'000	31 December 2018 $'000
Within one year	25,990	36,373
Later than one year but not later than five years	40,389	44,635
Later than 5 years	55,976	64,948
	122,355	145,956

The commitments relate to the Gruyere Project contracts to operate the power station, gas pipeline and compressor station, and minimum termination payment obligations on the mining services contract.

Refer to Note 21 for further joint operation information.

(c) Gold delivery commitments

	Gold for physical delivery oz[1]	Contracted sales price $oz	Value of committed sales $'000
Within one year	19,900	1,823	36,278
Later than one year but not later than five years	50,300	1,893	95,238
	70,200	1,873	131,516

1 *Forward contract derivatives accounted for using the 'own use exemption'. Refer Note 14.*

Note 30 Significant Events after the Balance Date

Subsequent to the year ended 31 December 2019, the Company made a $50.053 million repayment against the Loan Facilities which were drawn to $78.5 million (net of transaction costs), reducing the balance to $28.0 million.

Other than as noted above, there has not arisen in the interval between the end of the year and the date of this report any other item, transaction or event of a material and unusual nature likely, in the opinion of the Directors of the Company, to affect substantially the operations of the Group, the results of those operations or the state of affairs of the Group in subsequent financial years.

In the opinion of the directors of Gold Road Resources Limited:

(a) the Consolidated Financial Statements and Notes that are set out on pages 58 to 95 and the Remuneration Report on pages 45 to 55 in the Directors' Report, are in accordance with the Corporations Act 2001, including:

  (i) giving a true and fair view of the Group's financial position as at 31 December 2019 and of its performance, for the financial year ended on that date; and

  (ii) complying with Australian Accounting Standards and the Corporations Regulations 2001; and

(b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable, and

(c) at the date of this declaration, there are reasonable grounds to believe that the members of the extended closed group identified in note 22 will be able to meet any obligations or liabilities to which they are, or may become, subject by virtue of the deed of cross guarantee described in note 22.

(d) The Directors have been given the declarations required by Section 295A of the Corporations Act 2001 from the Managing Director and CEO, and General Manager - Finance for the year ended 31 December 2019.

(e) The Directors draw attention to Note 2 to the Consolidated Financial Statements, which includes a statement of compliance with International Financial Reporting Standards.

Signed in accordance with a resolution of the Directors, on behalf of the Board.

Signed at Perth this 19th day of March 2020.

Tim Netscher
Non-executive Chairman

Independent Auditor's Report

To the shareholders of Gold Road Resources Limited

Report on the audit of the Financial Report

Opinion

We have audited the ***Financial Report*** of Gold Road Resources Limited (the Company).

In our opinion, the accompanying Financial Report of the Company is in accordance with the *Corporations Act 2001*, including:

- Giving a true and fair view of the ***Group's*** financial position as at 31 December 2019 and of its financial performance for the year ended on that date; and
- Complying with *Australian Accounting Standards* and the *Corporations Regulations 2001*.

The ***Financial Report*** comprises:

- Consolidated statement of financial position as at 31 December 2019.
- Consolidated statement of profit or loss and other comprehensive income, Consolidated statement of changes in equity, and Consolidated statement of cash flows for the year then ended.
- Notes including a summary of significant accounting policies.
- Directors' Declaration.

The ***Group*** consists of the Company and the entities it controlled at year's end or from time to time during the financial year.

Basis for opinion

We conducted our audit in accordance with *Australian Auditing Standards*. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the Financial Report* section of our report.

We are independent of the Group in accordance with the *Corporations Act 2001* and the ethical requirements of the *Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the Financial Report in Australia. We have fulfilled our other ethical responsibilities in accordance with the Code.

Key Audit Matters

Key Audit Matters are those matters that, in our professional judgement, were of most significance in our audit of the Financial Report of the current year.

These matters were addressed in the context of our audit of the Financial Report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

KPMG

Accounting for property, plant and equipment

Property, plant and equipment ($456.123 million)
Refer to Note 9 to the Financial Report

The key audit matter	How the matter was addressed in our audit
The Group holds a 50% interest in the Gruyere Unincorporated Joint Venture (the Joint Venture). The Joint Venture transitioned from the development phase to the production phase during the year. The existence, accuracy and completeness of capitalised expenditure incurred as part of the development and construction of the Gruyere Project was considered a key audit matter. This is due to the size of the capitalised expenditure ($456.123 million), which represents 75% of total assets at year end. The Group used judgement in the identification and allocation of cost between operating expenditure and capitalised expenditure. The risks we focused on included: • The existence of capital expenditure; and • The capital nature of expenditure particularly the determination of when the Gruyere Project was considered capable of operating at commercial production and in a manner intended by the Group.	Our audit procedures included: • We evaluated the Joint Venture's processes and controls in place with respect to the approval of capital expenditure. • Assessment of the allocation of costs between operating expenditure and capital expenditure by inspecting documentation on a sample basis and assessing the nature of the underlying activity. • Challenge of the Group's determination of commercial production declaration from 1 October 2019 by evaluating the criteria by which the declaration was made against underlying documentation and industry practice. • Selecting a sample of customer, contractor and supplier invoices raised prior to year end and post year end and pre and post commercial production. We checked the timing of recorded expenditure against the details of the service description on the invoice or contract. • We assessed the disclosures in the financial report against the requirements of the accounting standards.

Other Information

Other Information is financial and non-financial information in Gold Road Resources Limited's reporting which is provided in addition to the Financial Report and the Auditor's Report. The Directors are responsible for the Other Information.

Our opinion on the Financial Report does not cover the Other Information and, accordingly, we do not express an audit opinion or any form of assurance conclusion thereon, with the exception of the Remuneration Report and our related assurance opinion.

In connection with our audit of the Financial Report, our responsibility is to read the Other Information. In doing so, we consider whether the Other Information is materially inconsistent with the Financial Report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We are required to report if we conclude that there is a material misstatement of this Other Information, and based on the work we have performed on the Other Information that we obtained prior to the date of this Auditor's Report we have nothing to report.

KPMG

Responsibilities of the Directors for the Financial Report

The Directors are responsible for:

- Preparing the Financial Report that gives a true and fair view in accordance with *Australian Accounting Standards* and the *Corporations Act 2001*.
- Implementing necessary internal control to enable the preparation of a Financial Report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.
- Assessing the Group's ability to continue as a going concern. This includes disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Report

Our objective is:

- To obtain reasonable assurance about whether the Financial Report as a whole is free from material misstatement, whether due to fraud or error; and
- To issue an Auditor's Report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with *Australian Auditing Standards* will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error. They are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this Financial Report.

A further description of our responsibilities for the audit of the Financial Report is located at the Auditing and Assurance Standards Board website at: http://www.auasb.gov.au/auditors_responsibilities/ar1.pdf. This description forms part of our Auditor's Report.

Report on the Remuneration Report

Opinion

In our opinion, the Remuneration Report of Gold Road Resources Limited for the year ended 31 December 2019, complies with *Section 300A* of the *Corporations Act 2001*.

Directors' responsibilities

The Directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with *Section 300A* of the *Corporations Act 2001*.

Our responsibilities

We have audited the Remuneration Report included in the Directors' report on pages 45 to 55 for the year ended 31 December 2019.

Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with *Australian Auditing Standards*.

KPMG

KPMG

Graham Hogg
Partner
Perth
19 March 2020

ASX Announcements 2019

Date	Announcement
27/12/2019	CY5: Gold Road Earn in Agreements Update
19/12/2019	Yamarna Exploration Update December 2019
04/12/2019	Gilmour and Renegade Mineral Resources
22/10/2019	Quarterly Reports - September 2019
15/10/2019	CY5: Cygnus Gold and Gold Road JV Update
09/10/2019	Gruyere Attains Commercial Production
09/09/2019	Yamarna Exploration Update
06/09/2019	Half Yearly Accounts
23/08/2019	Gold Fields Sells 9.9% Shareholding
15/08/2019	Gruyere Mill Ramp Up Progress
05/08/2019	Gruyere Commences Ramp-Up
31/07/2019	Updated Securities Trading Policy
22/07/2019	Quarterly Reports - June 2019
10/07/2019	CY5: Cygnus Gold starts drilling at Lake Grace JV with Gold Road
01/07/2019	Gruyere First Gold
01/07/2019	CY5:Gold Road earns stake in Cygnus Golds Lake Grace project
19/06/2019	Gruyere Commissioning Update and Production Guidance
29/05/2019	Results of Annual General Meeting
28/05/2019	Yamarna Exploration Update - May 2019
24/04/2019	Quarterly Activities & Cashflow Report - March 2019
17/04/2019	Notice of Annual General Meeting/Proxy Form
17/04/2019	CY5: Cygnus commences drilling at Gold Road JVs and Stanley
17/04/2019	Gruyere Gold Project Update April 2019
25/03/2019	Annual Report to shareholders
25/03/2019	Corporate Governance Statement 31 Dec 2018
15/02/2019	Gruyere Annual Production Guidance February 2019
13/02/2019	Annual Mineral Resource and Ore Reserve Statement
31/01/2019	Quarterly Report - December 2019
30/01/2019	Gilmour - Exploration Update January 2019
29/01/2019	Gruyere Project Update January 2019

Glossary

Abbreviation	Term
$	All dollar amounts are in Australian dollars
Gold Road, the Company or the Group	Gold Road Resources Limited and its subsidiaries
Gold Fields	Gold Fields Limited and its subsidiaries
Gruyere JV	Gruyere Project Joint Venture
Gruyere Project	Gruyere Gold Project
Cygnus	Cygnus Gold Limited
Yamarna Greenstone Belt	Yamarna and Dorothy Hills Greenstone Belts which sit within the Yamarna Terrane
RC	Reverse Circulation
the Board	Board of Directors of Gold Road
AGM	Annual General Meeting

Corporate Directory

ASX Code: GOR

DIRECTORS

Tim Netscher	Non-executive Chairman
Duncan Gibbs	Managing Director and CEO
Justin Osborne	Executive Director – Discovery and Growth
Sharon Warburton	Non-executive Director
Brian Levet	Non-executive Director

COMPANY SECRETARY
Carol Marinkovich (joint)
Hayden Bartrop (joint)

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