

Gold Road Resources Ltd



Growth Portfolio

Overview: Gold Road Resources Ltd (“Gold Road”, “the Company”) is an Australian minerals company focused on gold exploration in Western Australia. Its primary asset is the Gruyere Project near Laverton, WA, where the Pre-Feasibility Study (PFS) has determined a Maiden Ore Reserve totaling 81.1million tonnes (Mt) grading 1.24 g/t for 3.2million oz of gold. Gruyere is part of a regional exploration license holding covering 5000km². Our latest advice was a ‘speculative buy’ recommendation in May 2015.

START UP

GROWTH

MATURITY

Catalysts: With the Pre-Feasibility Study complete and ore reserves determined, Gold Road is now targeting completion of the Feasibility Study (FS) and project execution. The PFS indicates a financially viable project generating in excess of A\$1billion in free cash-flow over a 12 year project life. The Gruyere project has potential to attract interest from established miners.

Hurdles: Gold Road is reliant on external capital and requires further funding to develop a mining operation in the Yarmana district. There is no guarantee that the bankable feasibility study or future mining operations can replicate or achieve the parameters outlined in the PFS, nor that gold prices won’t continue to trend lower in the long-term.

Investment View: Gold Road offers speculative exposure to the domestic gold mining industry. We are attracted to the magnitude of its land package in the Yarmana region, existing reserves at Gruyere, and track record of low discovery costs. Funding requirements and the volatile gold price are principal risks. Following completion of the PFS and Maiden Ore Reserves declare, we expect takeover interest to build up and reiterate our ‘spec buy’ recommendation.

CHECKLIST		
MANAGEMENT	Strong exploration record at Yarmana	✓
FINANCIALS	Healthy cash balance	✓
CATALYSTS	Takeover potential and delivery of FS	✓
SHARE REGISTER	Institutions continue to accumulate	✓
STOCK PRICE	Long-term uptrend	✓

11 February 2016

Price: \$0.43

Reiterate SPEC BUY

Stop: \$0.30

Target: \$0.75

CORPORATE SUMMARY

TICKER	GOR.ASX
INDUSTRY	Mining
SHARES ON ISSUE	700m
OTHER SECURITIES	5.2m Options 5.6m Performance Rights
MARKET CAP	\$276m
NET CASH	\$36.9m
ISSUED CAPITAL	\$130m

ASSET OVERVIEW

NAME	Gruyere Gold Project
LOCATION	Western Australia
STATUS	Reserve
ORE RESERVE	3.2m oz AU
THROUGHPUT	265K oz / Annum

BOARD OF DIRECTORS

CHAIRMAN	Ian Murray
EXEC DIRECTOR	Justin Osborne

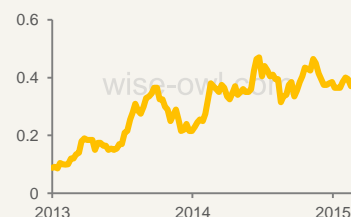
TRACK RECORD

VALUE CREATION	Strong
OPERATIONS	Strong
CAPITAL MARKETS	Fair

SHAREHOLDERS

HSBC CUSTODY	18.4%
JP MORGAN	11.9%
MERRILL LYNCH	10%
TOP 20	58.9%

SHARE PRICE



11 February 2016

GLOSSARY

Buy	Increasing value of established business operations is likely to yield share price appreciation
Spec Buy	Increasing value of a new or developing business operation is likely to yield share price appreciation.
Hold	There exists an even balance of risks.
Sell	There is elevated risk of share price depreciation.
Stop	Our recommended, pre determined sell price, to be executed if the share price fails to appreciate
Start Up	The earliest phase of a company's life cycle, and typically the most risky as new ventures are tested in the market place. These businesses are usually reliant on external capital to fund day to day operations.
Growth	Refers to companies that are seeking to expand their presence after achieving a degree of market success. External capital may be required to fund their expansion.
Maturity	Refers to companies that are well established in their market place with little to no external capital requirements.

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