

Gruyere Project Development Update

ASX Code GOR

ABN 13 109 289 527

Highlights

- **Project Capital budget revised to A\$532¹ million (3.5% increase) following engineering, procurement and construction review by Gruyere JV**
- **Gold Road's share of revised Capital is A\$262 million (2% increase²)**
- **Capital budget includes improvements and enhancements to deliver a more robust Project**
- **A\$585 million Power Supply contract signed with APA Group**
- **Bulk Earthworks, EPC Process Plant and Associated Infrastructure contracts signed**
- **ACJV commitment to using all Australian produced steel with fabrication in Henderson, Western Australia**
- **Installation of the 648 rooms at the Gruyere Village has been completed, commissioning of all facilities expected June 2017**
- **Contracts awarded for Long-Lead Items - Primary Crusher, SAG and Ball Mills**

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Managing Director & CEO

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Gold Road Resources Limited (**Gold Road** or the **Company**) is pleased to provide an update on the development activities at the Gruyere Gold Project (the **Project**), a 50:50 Joint Venture with Gold Fields Ltd (**Gold Fields**), to form the Gruyere Joint Venture (**Gruyere JV**), managed by Gruyere Management Pty Ltd (**GRM**) a wholly owned subsidiary of Gold Fields.

Since the Gruyere JV was formed GRM, the Project manager, together with Gold Fields and Gold Road, has undertaken detailed reviews of Feasibility Study engineering, procurement and construction which has resulted in a number of improvements and enhancements to the Project. Gold Fields extensive operational experience has directly contributed to these improvements and enhancements which will deliver, amongst other benefits:

- a more robust Project with improved operational ergonomics and maintainability
- advanced process plant controls, and
- more consistent metallurgical recovery.

The Project will also now comply with the International Cyanide Management Code (**Cyanide Code**), the capital costs thereof to be funded by Gold Fields out of the A\$50.7 million cost overrun guarantee³ under the Gruyere JV Agreement.

Including the above, the revised Project capital cost budget is A\$532 million (level of accuracy range of -5% +10%), which is within the forecasted Feasibility Study capital cost range of A\$514 million with accuracy range -10% +15%^{4,5}. Gold Road's share is A\$262 million (a 2% increase over its 50% share of the Feasibility Study capital cost). The Gold Fields A\$50.7 million cost overrun guarantee applies to the costs associated with the Cyanide Code as well as any costs above A\$532 million.

¹ Capital cost estimate as at Q1 2017 real terms and accuracy level range is -5% to +10%

² Compared to Feasibility Study estimate of A\$257 million (50%)

³ A\$50.7 million is 10% of the A\$507 million capital cost estimated in the Feasibility Study in Q2 2016 real terms (-10% +15%). A\$514 million is the cost after escalation to Q4 2018

⁴ Forecasted Feasibility Study capital cost estimate as at Q2 2016, and accuracy level is -10% to +15%

⁵ ASX announcement dated 19 October 2016 – Gruyere Project Feasibility Study



GRM is committed to the Project construction schedule duration which remains unchanged, however transition to the Gruyere JV, as well as the review of, and improvements to, the Feasibility Study mentioned above, have deferred the start of construction as projected in the Feasibility Study by approximately two months resulting in construction completion forecast for December 2018 and first gold in Q1 2019. A key focus for the Project team is to identify opportunities which will improve the schedule through engineering, procurement and construction.

Gold Road Managing Director and CEO Ian Murray said: *"We are pleased with the continued improvements to the Project and that after careful scrutiny of GRM the capital cost estimate has been restrained within the Feasibility Study cost estimate error range. The high quality of the work delivered by the Project team which has enabled us to achieve a fixed price, lump sum EPC contract, schedule of rates Bulk Earthworks contract and the ground breaking power contract."*

We all understand the importance of job creation and beneficiation in Western Australia, and in the Project area for the local communities, and we commend our contractors for opportunities they have created.

Together with Gold Fields we look forward to achieving the Project construction milestones, delivering first gold in Q1 2019, and creating a responsible, sustainable and long-life gold project."

Accommodation Village

Gruyere Village Stage 1, the installation of 288 rooms, was completed by McNally Group in March 2017. Following hand-over to village management company, Compass Group, the McNally Group commenced installing the remaining 360 rooms at Gruyere Village Stage 2. Installation of the Stage 2 rooms was completed in May 2017. Commissioning of the complete Gruyere Village, which will include 648 rooms, offices and recreational facilities is planned to be completed by end June 2017.



From left to right - Gruyere Village Stage 1 (288 rooms), administration, dining facilities (middle) and Stage 2 installation of remaining 360 rooms.

Bulk Earthworks

The Bulk Earthworks contract has been awarded to MACA Civil Pty Ltd (**MACA**) to develop the main access road, borefield access tracks, sealed airstrip, process plant and tailings storage facility. The contract, which was executed in May 2017, is a “schedule of rates” contract with an estimated forecast cost of A\$49 million with the schedule protected through standard liquidated damages provisions. The parent company of MACA, MACA Ltd, is a Tier 1 mining, civil construction and road infrastructure company.



Gruyere Village with airstrip pictured in the foreground

MACA began resourcing and mobilising its workforce in early May 2017 for an expected construction duration of approximately 15 months. Bulk earthworks are progressing on the Gruyere airstrip, process plant area and access roads.

EPC

Amec Foster Wheeler Cimec Joint Venture (**ACJV**) has been awarded the Engineering, Procurement and Construction (**EPC**) contract for the design, procurement and installation of the Gruyere process plant and associated infrastructure. The contract, which was executed in June 2017⁶, is a “lump sum, fixed price” contract of A\$298 million. The schedule agreed with ACJV is protected through a standard liquidated damages provision.

ACJV has committed to maximising procurement through local Australian sources for the supply of steel and equipment for the Project. The steel and platework fabrication for the Gruyere process plant will be carried out at Cimec’s 200,000m² fabrication facility in Henderson, Western Australia - the largest heavy engineering facility of its kind in Australia.

Fabrication of the Gruyere Process Plant and other Project infrastructure at the Henderson facility will provide direct work for an estimated 30 to 50 people. ACJV will have a total workforce of 300 people on site at its peak and will begin mobilising to Gruyere in August 2017.



Aerial view of Cimec’s 200,000m² Henderson Facility

Contracts for the supply of key long term equipment items have been awarded, including the Ball Mill and Primary Crusher to FL Schmidt and the SAG Mill to Outotec. The SAG and Ball Mills have been sourced from cancelled orders from other projects, which benefits the schedule as these are no longer critical path items. The current critical path for construction is the construction of the leach tanks.

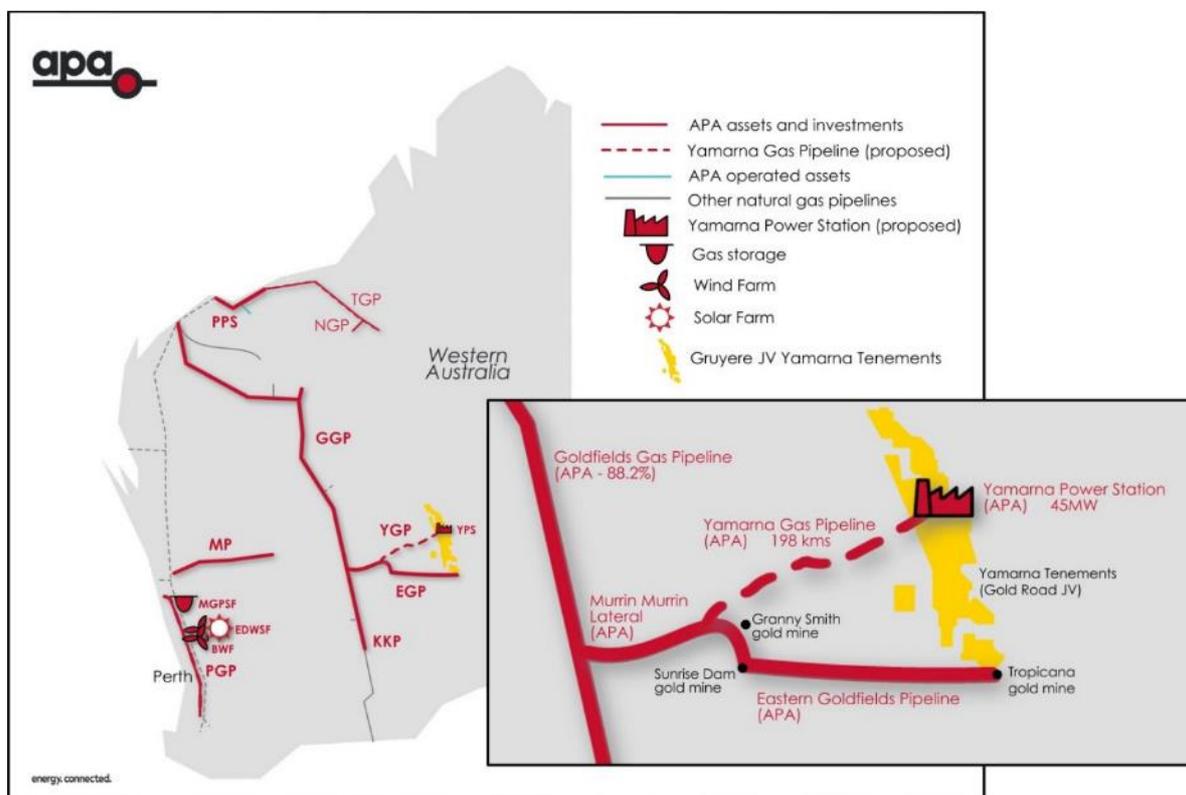
⁶ ASX announcement dated 15 June 2017

Power Supply

Gold Road is pleased to confirm that the design, build, own and operate contract for the 198 kilometre pipeline and the 45 megawatt gas-fired power station to the supply power to the Project have been signed with APA Group (APA), a leading energy infrastructure business.

APA will invest (and own) approximately A\$180 million in the pipeline and gas-fired power station, which they will recover over 15 years through a gas transportation and electricity supply agreement. The minimum cost associated with the agreement is approximately A\$215 million and the estimated forecast expenditure over the 15 years is approximately A\$585 million. Natural gas will be procured and paid for separately by the Project and supplied to APA for power generation, and is not included in the A\$585 million forecast expenditure.

Commissioning of both the pipeline and the power station is expected to occur in Q4 2018 to align with the Project's expectation of first gold in Q1 2019.



Location and indicative route of the Yamarna Gas Pipeline and Yamarna Power Station

Borefields

GR Engineering Services has completed the construction and commissioning of six of the eight bores at the Anne Beadell borefield, which will provide the majority of water required for construction works and securing the potable water supply for the Gruyere Village. The remaining two bores at Anne Beadell are planned to be completed in Q3 2017.

The Yeo borefield, which will be the main source of process water for the Process Plant, will be developed jointly by MACA and the ACJV, with planned commencement of the installation of the water pipelines in 2018.



Water flowing from the Anne Beadell borefield

Mining Contract

Preparation of the tender documents for the mining services contract which will be moving 27 million tonnes of material per annum, on average, over a 5 year period to produce an average 260,000 ounces of gold per year is underway. Documents are expected to be presented for tender in Q2 2017, with award of the mining contract expected in Q4 2017. Mobilisation of the successful mining contractor is scheduled for Q1 2018 followed by construction of the mine infrastructure and haul roads.

Community

Work on the Project is continuing for locally based business, Desert Sands, whose scope of works were extended in April 2017 to include the clearing of the process plant site and the access road between the Gruyere Village and the process plant location.

Major contractors are supportive of local community participation throughout the construction period. The Compass Group achieved their stated indigenous employment target of 8% within a month of contract award and are pursuing further long term employment, training and business opportunities for other local community members.

MACA has identified a number of local employment initiatives which, once full mobilisation has been completed, will be implemented.

ACJV has developed a comprehensive engagement plan and are committed to working closely with local communities. ACJV's plans for the steel fabrication of the Process Plant and other Project infrastructure at the Henderson facility is an important first step in creating WA jobs.

For further information, please visit www.goldroad.com.au or contact:

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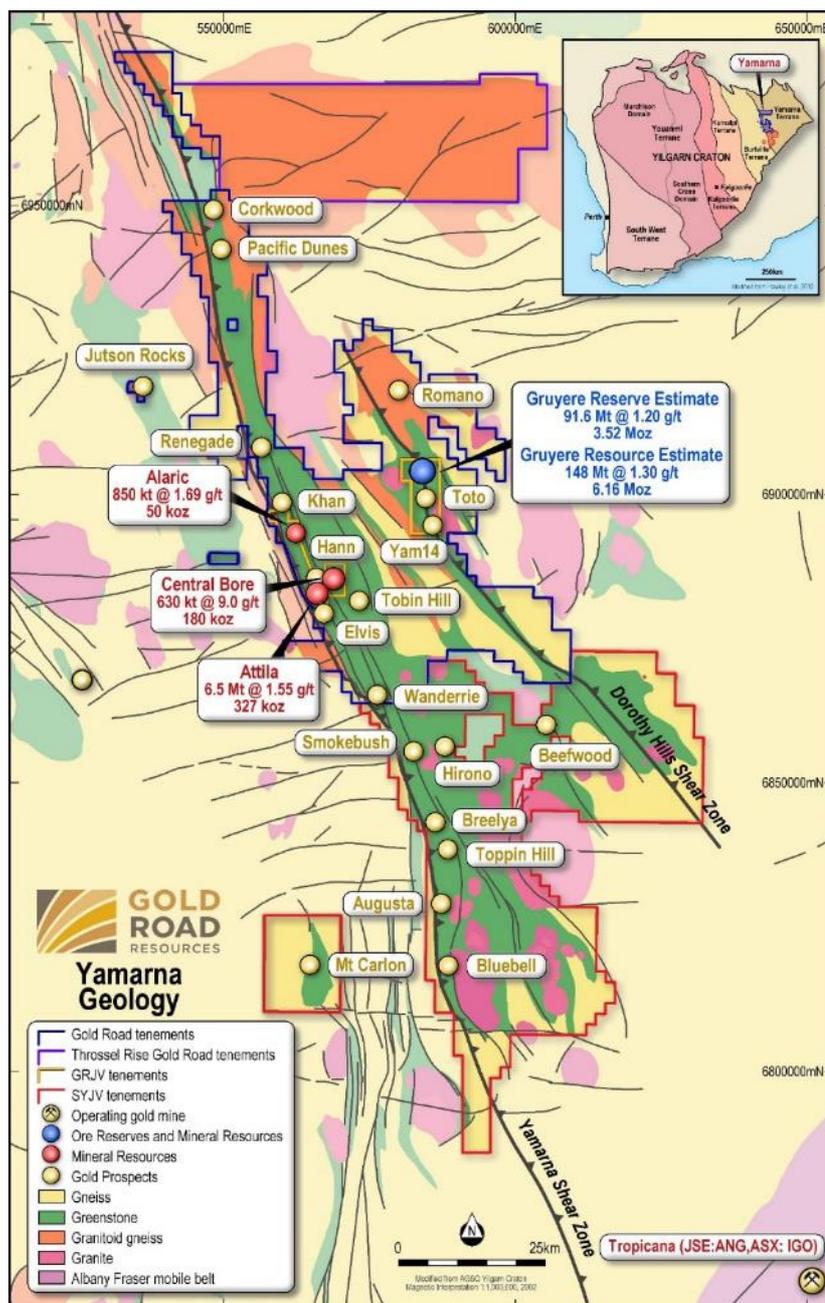
Clockwise from top left - Gruyere Village Stage 1 pad construction; Completed Gruyere Village dining room; Trenching for underground service Gruyere Village Stage 1; Process Plant and Turkeys Nest aerial view; Gruyere fire water services; Erection of the Gruyere communications tower.

About Gold Road

Gold Road is pioneering development of Australia's newest goldfield, the Yamarna Belt, 200 kilometres east of Laverton in Western Australia. The Company holds interests in tenements covering approximately 6,000 square kilometres in the region, which is historically underexplored and highly prospective for gold mineralisation. The Yamarna leases contain a gold resource of 6.7 million ounces, including 6.2 million ounces at the Gruyere deposit, of which the Company owns 50%.

The Feasibility Study for Gruyere, which was completed in October 2016, indicated the Project's 3.5 million ounce Reserve could support average annualised production of 270,000 ounces for 13 years (ASX announcement dated 19 October 2016). In November 2016, Gold Road entered into a 50:50 joint venture with Gold Fields Ltd for the Gruyere Gold Project, with commencement of Project construction in January 2017.

Gold Road continues to explore for similar-scale deposits on its 100%-owned North Yamarna tenements, its 50% owned Gruyere Project Joint Venture tenements (with Gold Fields Ltd) and its 50% owned South Yamarna Joint Venture tenements in conjunction with Sumitomo Metal Mining Oceania (a subsidiary of Sumitomo Metal Mining Co. Limited).



Location and Geology of the Yamarna Tenements (plan view MGA Grid) showing Gold Road's 100% tenements (blue outline), Gold Road-Sumitomo South Yamarna Joint Venture tenements (red outline), and Gold Road-Gold Fields Gruyere Joint Venture tenements (yellow outline), Mineral Resources, Ore Reserves (100% basis) and main Exploration Projects

Mineral Resource Estimate for the Yamarna Leases – April 2017

Project Name / Category	Gruyere Joint Venture - 100% basis			Gold Road - 50%		
	Tonnes (Mt)	Grade (g/t Au)	Contained Metal (Moz Au)	Tonnes (Mt)	Grade (g/t Au)	Contained Metal (Moz Au)
Gruyere Total (0.5 g/t Au)	147.71	1.30	6.16	73.85	1.30	3.08
Measured	13.86	1.18	0.53	6.93	1.18	0.26
Indicated	91.12	1.29	3.79	45.56	1.29	1.89
Inferred	42.73	1.35	1.85	21.36	1.35	0.92
Central Bore Total (1.0 g/t Au)	0.63	9.0	0.18	0.32	9.0	0.09
Measured	0.04	26.5	0.04	0.02	26.5	0.02
Indicated	0.40	9.0	0.12	0.20	9.0	0.06
Inferred	0.19	5.0	0.03	0.09	5.0	0.02
Attila Trend Total (0.45 & 0.7 g/t Au)	7.42	1.57	0.37	3.71	1.57	0.19
Measured	0.70	1.99	0.04	0.35	1.99	0.02
Indicated	6.02	1.52	0.29	3.01	1.52	0.15
Inferred	0.70	1.57	0.04	0.35	1.57	0.02
Total	155.76	1.34	6.72	77.88	1.34	3.36
Measured	14.61	1.29	0.61	7.30	1.29	0.30
Indicated	97.53	1.34	4.20	48.77	1.34	2.10
Inferred	43.62	1.36	1.91	21.81	1.36	0.96

Notes:

- All Mineral Resources are completed in accordance with the 2012 JORC Code.
- The Gruyere Joint Venture is a 50:50 joint venture between Gold Road and Gruyere Mining Company Pty Limited a wholly owned Australian subsidiary of Gold Fields Ltd.
- Gruyere Mineral Resource reported at 0.5 g/t Au cut-off, constrained within an A\$1,700/oz Au optimised pit shell based on mining and processing parameters from the FS and geotechnical parameters from the previous Mineral Resource estimate (ASX announcement dated 22 April 2016)
- Central Bore Mineral Resource reported at 1.0 g/t Au cut-off (2014 Annual Report)
- Attila Mineral Resource reported at 0.45 g/t Au cut-off, constrained within an A\$1,850/oz Au optimised pit shell (ASX announcement dated 1 May 2017)
- Alaric Mineral Resource reported at 0.7 g/t Au cut-off, constrained within an A\$1,600/oz Au optimised pit shell (ASX announcement dated 16 September 2015)
- All figures are rounded to reflect appropriate levels of confidence. Apparent differences may occur due to rounding.
- Mineral Resources are inclusive of Ore Reserves.

Ore Reserve Statement for the Gruyere Project

Category	Gruyere Project Joint Venture 100% basis			Gold Road 50%		
	Tonnes (Mt)	Grade (g/t Au)	Contained Metal (Moz Au)	Tonnes (Mt)	Grade (g/t Au)	Contained Metal (Moz Au)
Total	91.57	1.20	3.52	45.78	1.20	1.76
Proved	14.87	1.09	0.52	7.44	1.09	0.26
Probable	76.70	1.22	3.00	38.35	1.22	1.50

Notes:

- The Ore Reserve is completed in accordance with the 2012 JORC Code
- The Gruyere Project Joint Venture is a 50:50 joint venture between Gold Road and Gruyere Mining Company Pty Limited, a wholly owned Australian subsidiary of Gold Fields Ltd
- Gold Road holds an uncapped 1.5% net smelter return royalty on Gold Fields Ltd's share of production from the Gruyere Project Joint Venture once total gold production from the Joint Venture exceeds 2 million ounces
- The Ore Reserve is evaluated using a gold price of A\$1,500/oz (ASX announcement dated 19 October 2016)
- The Ore Reserve is evaluated using variable cut off grades: Oxide 0.35 g/t Au, Transitional 0.39 g/t Au and Fresh 0.43 g/t Au
- Ore block tonnage dilution averages 3.2%; Ore block gold loss is estimated at 1.4%
- All figures are rounded to reflect appropriate levels of confidence. Apparent differences may occur due to rounding

Competent Persons Statements

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, as well as a shareholder and share option holder, and is a Fellow of the Australasian Institute of Mining and Metallurgy (FAusIMM 209333). Mr Osborne has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the “Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves”. Mr Osborne consents to the inclusion in the report of the matters based on this information in the form and context in which it appears

Mineral Resources

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

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

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

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

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

Messrs Harvey and Leggo are both Members of the Australian Institute of Geoscientists. Messrs Harvey and Leggo have sufficient experience relevant to the style of mineralisation and type of deposit under consideration and to the activity which they are undertaking to qualify as a Competent Person as defined in the 2012 Edition of the “Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves.” Messrs Harvey and Leggo consent to the inclusion in the report of the matters based on this information in the form and context in which it appears.

Ore Reserves

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

Mr Varcoe has sufficient experience that is relevant to the style of mineralisation and type of deposits under consideration and to the activity currently being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the ‘Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves’. Mr Varcoe consents to the inclusion in this announcement of the matters based on his information in the form and context in which it appears.

New Information or Data

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