



**GOLDROAD**  
RESOURCES

ABN 13 109 289 527



**ANNUAL REPORT 2011**





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# Chairman's Letter

## Dear Shareholders

Over the past year Gold Road has made considerable ground towards establishing our Yamarna gold belt as the fifth gold belt in Australia's world-class Yilgarn Region.

Aggressive exploration has remained our key focus during the past 12 months, with our drilling program quadrupling since 2010.

## Exceptional Year of Discovery

Led by our chief geologist and executive director, Ziggy Lubieniecki, we have discovered five new high-grade gold prospects close to our main Central Bore deposit since 2010 – Justinian, Hann, Byzantium, Central Bore North and Central Bore South, not to mention the significant gold anomalies found further afield at Dorothy Hills (23 kilometres north-east of Central Bore) and Tobin Hill (5.5 kilometres south-east of Central Bore).

Justinian, which we discovered in September 2010, is a parallel gold system to Central Bore which has yielded numerous high-grade intersections. Hann was discovered in July 2010 and consists of three parallel gold anomalies over 4.3 kilometres. Central Bore North and Central Bore South, discovered in February 2011, are on the same trend as Central Bore. All have produced extremely exciting results and will be the focus of further exploration over the next year.

## Exceptionally High Grades

Central Bore was our stand out deposit last year and the focus of much RC and diamond drilling. We discovered increasingly exceptional grades throughout the year – achieving a massive 1,000 grams per tonne of gold in March 2011.

More than 10% of drill holes found grades of at least 100 grams per tonne of gold and abundant visible gold. Central Bore's maiden resource was published in March, bringing the total JORC resource inventory for Yamarna to more than 1 million ounces of gold.

Central Bore remains open in all directions and drilling is ongoing to determine its full extent. Only recently we found grades of 480 grams per tonne of gold from a depth of 426 metres, which is the deepest we have drilled to date at Central Bore.

## Similarities to the Kalgoorlie Greenstone Belt

An important development over the last year was a report published by the Geological Survey of Western Australia (GSWA) in October 2010 which proved that the greenstones of the Yamarna Terrane are similar in age and character to the Kalgoorlie Terrane.

The report underlines our belief that Yamarna is a new high-grade gold region. Previously the belt was thought to be significantly younger in age, which GSWA found to be incorrect. Past gold production from the Kalgoorlie greenstone belt exceeds one hundred million ounces – and it continues to deliver new discoveries 130 years after its initial discovery, making the similarities between the Kalgoorlie and Yamarna terrains very exciting for our shareholders.

## Outlook

We believe the next 12 months will see your Company make significant progress towards our "twin approach" strategy for Yamarna, which is development of our production timetable in parallel with a continued strong exploration program.

We are confident that the next 12 months will see your Company continue to establish the world-class potential of our Yamarna gold belt.

On behalf of the Board, I wish to sincerely thank our dedicated staff, contractors and advisors for their tireless commitment, enthusiasm and efforts over the past year, and I would also thank our shareholders for their support and belief in the Company.



**Ian Murray**  
Executive Chairman

27 September 2011



# Review of Operations

Gold Road is a gold exploration company which owns more than 5,000 square kilometres of the Yamarna greenstone belt, located approximately 150 kilometres east of Laverton (Figure 1).

Yamarna is a highly prospective but historically under-explored region which hosts a number of significant new gold discoveries. Our tenements cover a regionally significant greenstone belt of Archaean aged rocks incised by the gold-rich, Yamarna shear zone in Western Australia's world-class Yilgarn Craton (**Yamarna Gold Belt**). Over the previous 12 months, Gold Road has carried out an aggressive drilling and exploration program to further establish the Yamarna Gold Belt as Australia's next major gold region.

## 2011 Highlights

- Significant expansion of exploration across the Yamarna Gold Belt
- Maiden resource for Central Bore deposit published in March 2011
- Yamarna's total resource now exceeds 1Moz gold (includes Attila and Central Bore)
- Discovery of Justinian prospect – a parallel gold system to Central Bore
- Discovery of Hann, Central Bore North and Central Bore South gold prospects
- Drilled 5,573 holes for 140,546 metres on eight prospect areas between August 2010 and August 2011
- Intersected numerous bonanza grades at Central Bore including 1,000 g/t gold
- Intersected abundant visible gold at Central Bore and Justinian
- Substantial growth of Yamarna exploration team and camp
- GSWA report highlights Yamarna is similar in age and character to Kalgoorlie Belt





## Yamarna Gold Belt

(100% interest subject to separate royalty agreements on some tenements)

The Yamarna Gold Belt is one of the most under-explored greenstone belts in Western Australia. Gold Road believes that Yamarna has strong potential to be a multi-million ounce gold camp, and is the first company to systematically explore the region.

A report by GSWA published in October 2010 underlined Gold Road's assertion by finding the Belt to be 2.6-2.7 billion years old – or very similar to the Kalgoorlie Belt in age and structure. The report also stated that exploration strategies that are effective for the Kalgoorlie Belt may prove best for the Yamarna Belt. Past gold production from the Kalgoorlie greenstone belt exceeds one hundred million ounces and it continues to deliver new discoveries 130 years after its initial discovery.

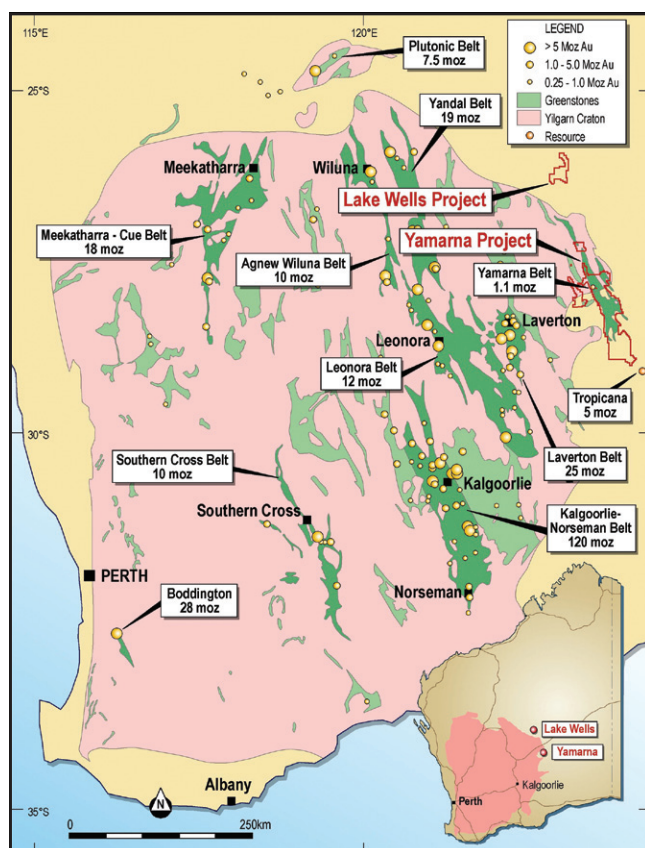


Figure 1: Yamarna Belt Location in Yilgarn Craton.

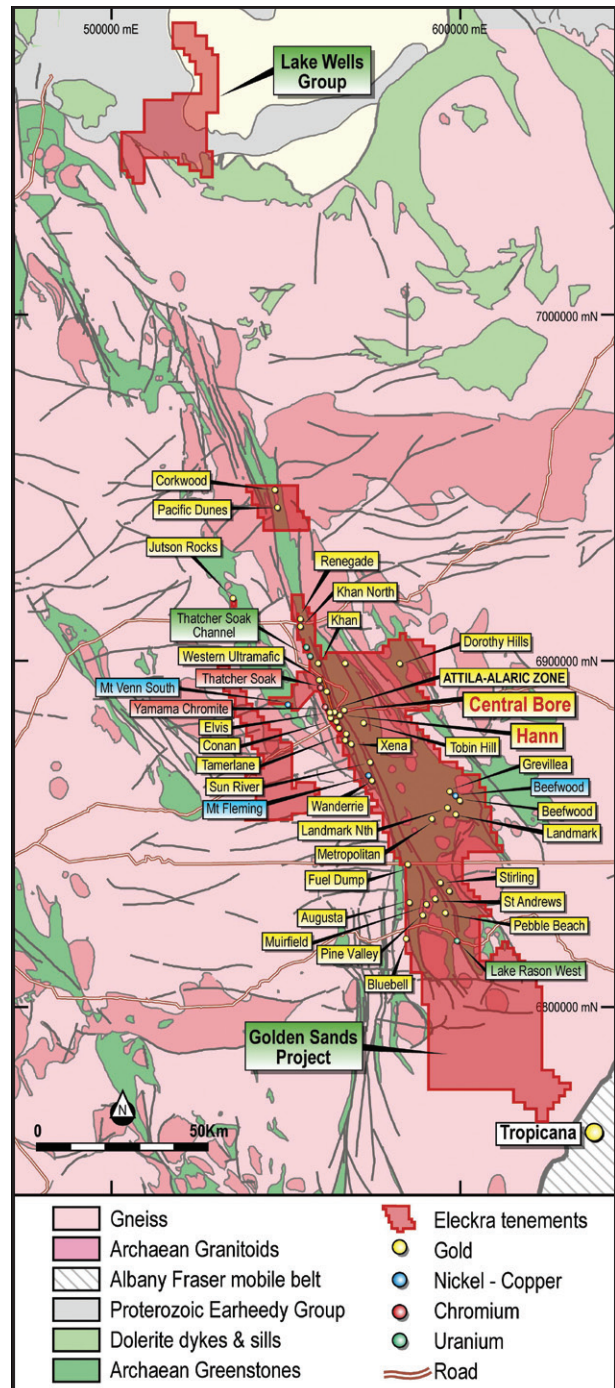


Figure 2: Gold Road's Yamarna Tenement Location Map as at June 2011.

# Review of Operations continued

## Gold Exploration

Gold Road has significantly expanded exploration within the Yamarna Gold Belt over the last year. Diamond, Reverse Circulation (**RC**), and Rotary Air Blast (**RAB**) drilling programs focused on its more advanced gold targets at **Central Bore**, **Justinian**, **Hann** and **Attila** while auger drilling focused on regional targets.

Geochemical sampling and reconnaissance exploration were undertaken over critical target areas. Metallurgical testwork has also been undertaken.

Between August 2010 and August 2011, Gold Road drilled 5,573 holes for 140,546 metres on eight prospect areas (refer to Table 1). The drilling led to establishing a maiden resource estimate at Central Bore and the discovery of exciting gold mineralisation at Justinian, Hann and Central Bore North and South.

From January to September 2011, Gold Road has completed in excess of 109,000 metres of RAB/RC/Diamond drilling out of a planned 150,000 metre program for calendar 2011.

Table 1: Drilling Statistics August 2010 - August 2011

Projects	Hole Type	Number of Holes	Metres
Central Bore	RC	80	16,313
Central Bore	Diamond	7	1,335
Justinian	RC	65	7,044
Justinian	Diamond	1	49
Central Bore/Justinian	RAB	3,241	63,611
Attila	RC	28	3,264
Hann	RC	109	10,077
Hann	RAB	31	81
Tobin Hill	RAB	587	15,822
Khan North	RAB	1,399	22,181
Elvis/Granodiorite South	RAB	25	769
<b>Total</b>		<b>5,573</b>	<b>140,546</b>

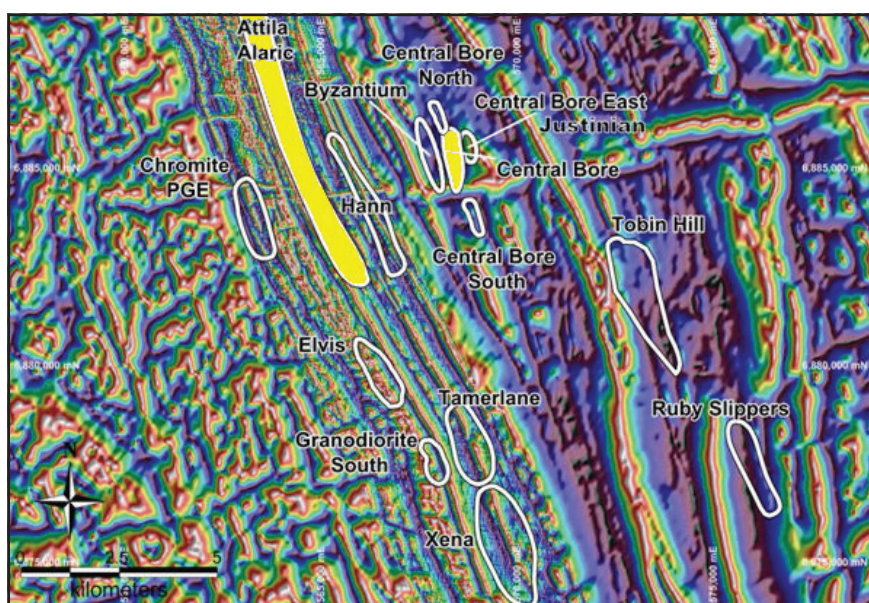


Figure 3: Close up map of key exploration targets on the Yamarna Gold Belt. The Attila and Central Bore deposits are marked in yellow.



## Central Bore Project

Central Bore was first discovered by Gold Road in 2009 and is the Company's flagship high-grade gold deposit. It was the prominent focus of exploration during the year with 80 RC holes for 16,313 metres and 7 diamond tails for 1,335 metres drilled there since 1 August 2010. The deposit remains open at depth and to the north and south.

Numerous bonanza grades have been intercepted at Central Bore, including:

- |  |
|--|
| • 0.95 metres @ <b>636 g/t gold</b> from 196.55 metres including 0.45 metre @ <b>1,000 g/t gold</b>                            |
| • 5 metres @ <b>146 g/t gold</b> from 226 metres including 1 metre @ <b>845 g/t gold</b> from repeat assay                     |
| • 6 metres @ <b>35 g/t gold</b> from 237 metres including 1 metre @ <b>182 g/t gold</b>  |
| • 0.8 metres @ <b>225 g/t gold</b> from 279.2 metres including 0.45 metre @ <b>400 g/t gold</b>                                |
| • 1.5 metres @ <b>79 g/t gold</b> from 200 metres including 0.5 metre @ <b>220 g/t gold</b>                                    |
| • 2.3 metres @ <b>79 g/t gold</b> from 145 metres including 0.5 metre @ <b>220 g/t gold</b>                                    |
| • 13 metres @ <b>40.1 g/t gold</b> from 426 metres including 1 metre @ <b>480 g/t gold</b> – the deepest gold intercept so far |
| • 2 metres @ <b>62.4 g/t gold</b> from 230 metres including 1 metre @ <b>114 g/t gold</b>                                      |



Figure 4: Tail of free gold panned from 226-227m intercept in RC hole 10EYRC0103 (fine yellow gold and silvery sulphides).



Figure 5: Visible Gold in Diamond Hole 11GYD0005. Yellow specks are Coarse and Fine Gold, Silvery specks and Veinlets are Sulphides and Dark/Black Veinlets and Blobs are Molybdenite.

## Central Bore Maiden Resource Estimate

Central Bore's maiden resource estimate was announced on 18 March 2011 and is based on the results of RC drilling from 2009 and 2010 and seven diamond holes from early 2011. Independent resource consultants, Ravensgate, carried out the maiden resource calculation.

The combined Measured, Indicated and Inferred Mineral Resource for the Central Bore deposit so far totals 595,000 tonnes at 7.9 g/t gold for a total of 150,300 contained ounces (refer to Table 2). This includes the high-grade Imperial Shoot containing 77,000 tonnes at 23.1 g/t gold for 57,100 ounces.

The resource is defined along an 800 metre strike length and to a depth of approximately 300 metres below the surface. The auriferous shear zone, sub-cropping on the northern extent has been delineated over an 800 metre strike length and remains open at depth and down-plunge.

From the modelling and structural studies of the diamond core, high-grade gold mineralisation is interpreted to occur within a steep sub-vertical plunge in the Imperial Shoot located at the northern end of the deposit. It is considered likely that additional high-grade shoots exist further to the south along the Central Bore trend as indicated in Figure 6. It is also considered that further close-spaced and deep drilling at and along strike from Central Bore will lead to the discovery of additional high-grade shoots.

A close-spaced pattern in a "T-shape" comprising 14 drill-holes on 5 metre spacing has been drilled between two 40 metre drill section lines to better understand gold grade variability. Twelve (10%) out of 126 RC holes intersected grades higher than 100 g/t gold (3oz/t). The diamond drilling and close-spaced "T" drilling has locally verified gold vein widths and high-grade mineralisation continuity along strike and down dip.

## Review of Operations continued

Local geology at Central Bore consists of sub-vertical dipping andesitic volcanics and porphyritic tuffs with a north-south trend (340°). Gold mineralisation is also sub-vertical with a similar north-south trend and occurs approximately 3.7km east of the Attila Gold Deposit. Mineralisation is restricted to a single, narrow shear zone (~1-2 metres wide) characterized by carbonate veinlets, alteration and fine-grained sulphides, in particular molybdenite (MoS<sub>2</sub>).

There is a strong indication of both a steep sub-vertical shoot plunge and a shallow southerly plunge to the mineralisation, however more work remains to be done to fully understand the structural orientation of the high-grade shoots within the mineralisation sheet. Weathering is shallow, with the top of saprock and transition located approximately 10 to 20m below the natural topographic surface. The top of fresh rock based on geological logging is located approximately 40 to 50m below the natural topographic surface.

The 2011 resource estimate for Central Bore benefits from close spaced "T" drilling which has allowed an improved model of grade continuity on the short scale to be developed. This has resulted in increased confidence in geological continuity which is reflected in the application of top-cut of 150 g/t (~98th percentile) 15 metre (radius) away from the sample location.

Table 2: The Mineral Resource inventory for the Central Bore Project as at March 2011. Note: rounding errors may occur.

2011 Central Bore Tonnes and Grade at various lower cut-off's by Resource Classification									
Central Bore	Tonnes	Inferred Au (g/t)	Au (oz)	Tonnes	Indicated Au (g/t)	Au (oz)	Tonnes	Measured Au (g/t)	Au (oz)
>1.0 g/t Au	238,000	4.78	36,600	333,000	9.43	101,000	24,000	16.67	12,700
>2.5 g/t Au	189,000	5.56	33,800	293,000	10.46	98,400	24,000	16.67	12,700
>5.0 g/t Au	77,000	8.05	19,900	203,000	13.51	88,200	22,000	17.35	12,500

2011 Central Bore Tonnes and Grade at various lower cut-off's for combined Mineral Resource			
Central Bore	Tonnes (T)	Grade Au (g/t)	Ounce Au (oz)
>1.0 g/t Au	595,000	7.86	150,300
>2.5 g/t Au	506,000	8.92	144,900
>5.0 g/t Au	303,000	12.4	120,700

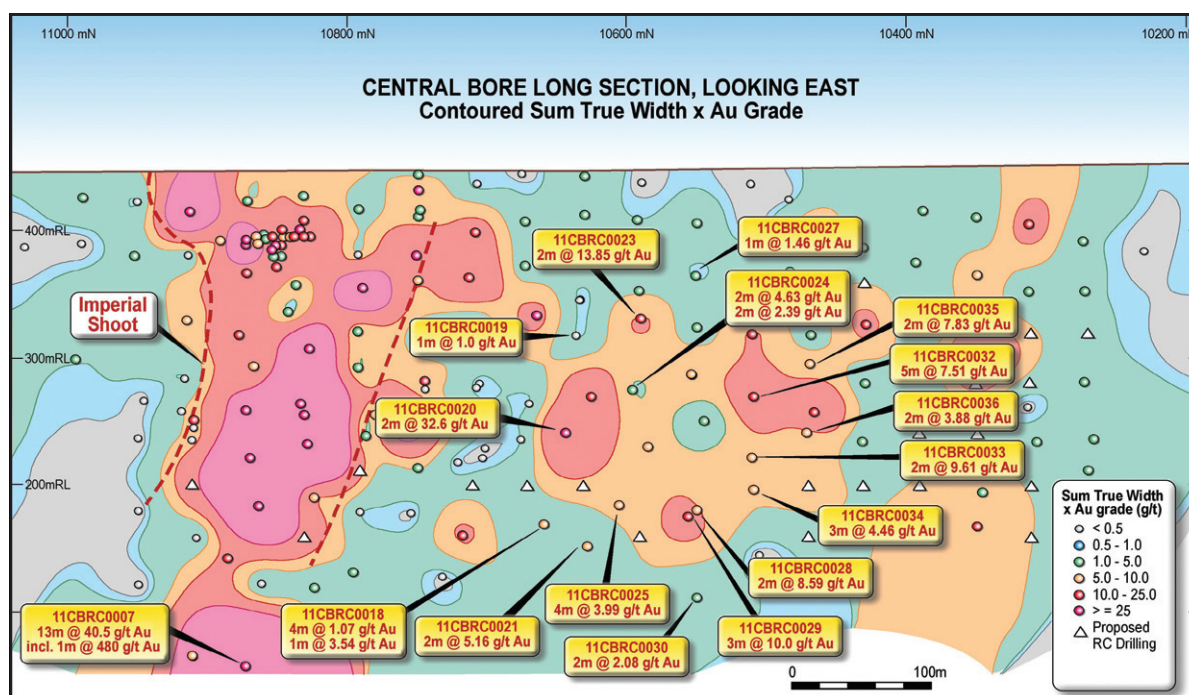


Figure 6: Long Section (looking east) showing Central Bore RC and diamond intercepts. The plot also shows location of the planned (triangles) and recently drilled RC holes.



The majority of the Central Bore Mineral Resource estimate was classified as Indicated and Inferred on the basis of the Ravensgate resource estimation. A small portion near surface on the northern extent and located over the main high-grade (Imperial) shoot was classified as “measured” where the area was more densely drilled.

The current RC/diamond drilling program that commenced in May 2011 was designed to drill the existing gaps on a 40 metre by 40 metre grid to better define the continuity of high grade shoots. There are still about 10-12 holes left to complete the program. Gold Road aims to publish its updated JORC resource for the Central Bore deposit by the end of the December 2011 quarter.

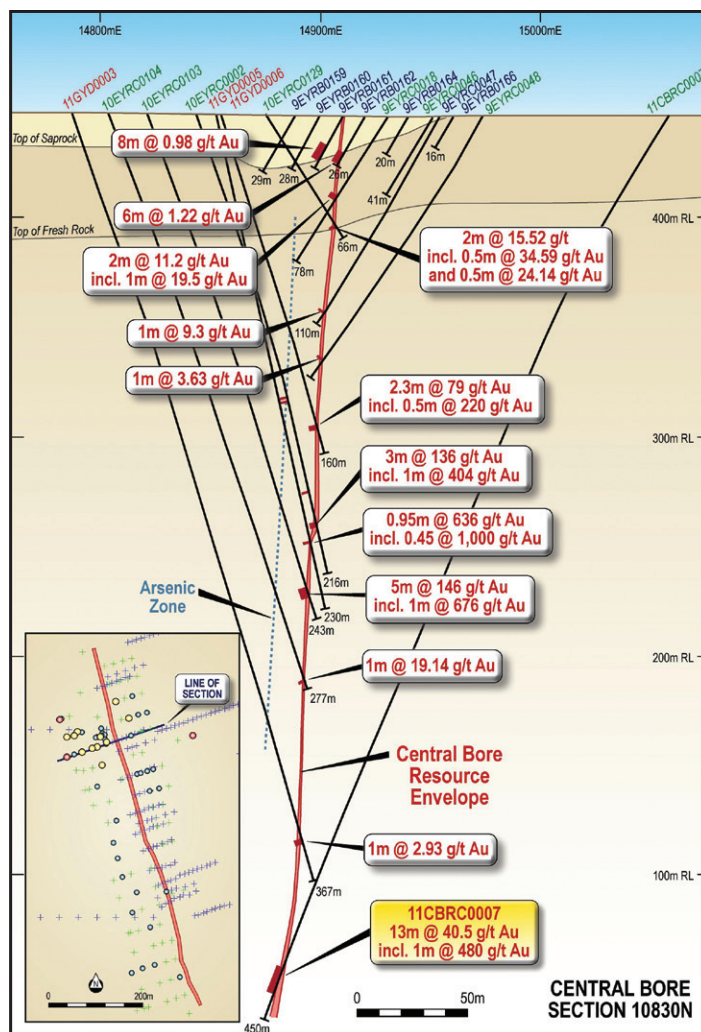


Figure 7: Drill-hole Cross Section 10,830N local grid (looking north) showing Central Bore RAB, RC and diamond intercepts

## Justinian Project

Discovered in August 2010, the Justinian gold deposit (previously known as Central Bore East) is Gold Road's most recent significant gold discovery. Justinian is located 200 metres east of Central Bore. Assay results from two phases of RC drilling confirmed gold mineralisation over a 500 metre strike length and to a depth of 120 metres. RAB drilling has also found what appears to be a northern extension of the Justinian Trend.

Gold mineralisation at Justinian has similar characteristics to Central Bore, including visible gold in the pan and an association with elevated molybdenum.

The deposit remains open at depth, to the north and south.

Highest grade assays to date from Justinian include:

- 7 metres @ **27.21 g/t gold** from 69 metres including 1 metre @ **102 g/t gold** and 1 metre @ **72 g/t gold**, both in repeat assays
- 7 metres @ **8.64 g/t gold** from 86 metres including 1 metre @ **20.2 g/t gold** and 1 metre @ **29.2 g/t gold**
- 3 metres @ **5.95 g/t gold** from 47 metres including 1 metre @ **11.43 g/t gold**
- 6 metres @ **3.08 g/t gold** from 12 metres including 1 metre @ **7.8 g/t gold** and 1 metre @ **8.0 g/t gold**
- 2 metres @ **6.42 g/t gold** from 149 metres including 1 metre @ **11.0 g/t gold**
- 3 metres @ **7.43 g/t gold** from 42 metres including 1 metre @ **18 g/t gold**
- 8 metres @ **4.0 g/t gold** from 63 metres including 1 metre @ **10.27 g/t gold**

Between August 2010 and August 2011, 3,241 RAB holes for 63,611 metres have been drilled over the 6.75km<sup>2</sup> area around Central Bore and Justinian. This drilling also led to the discovery of gold anomalies at Central Bore North and Central Bore South. Results indicated that the Justinian Trend is displaced by an east-west cross-cutting ultramafic dyke.

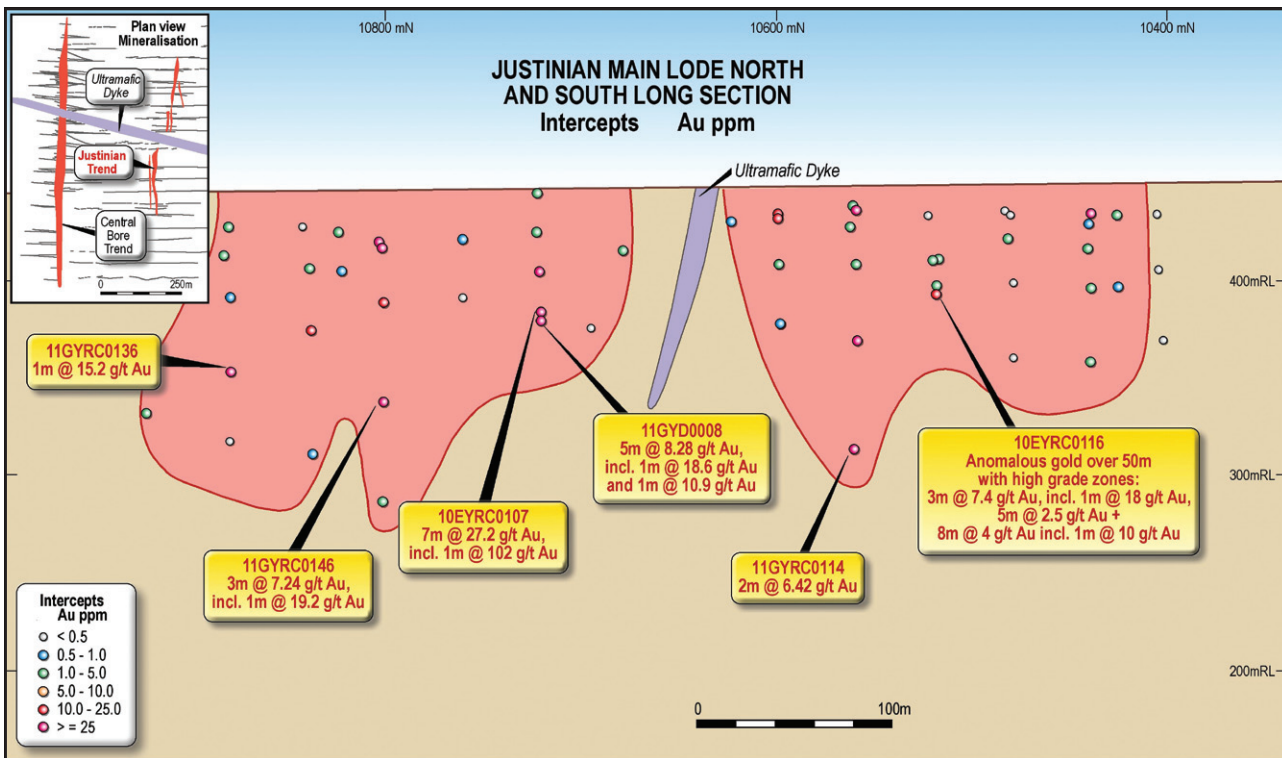


Figure 8: Long Section (looking east) showing Justinian RC and diamond intercepts.

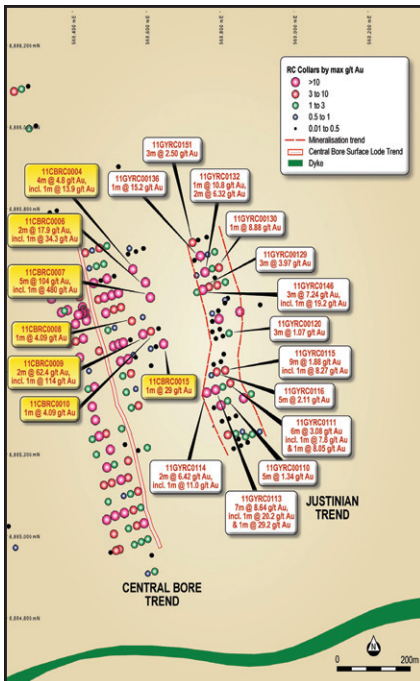


Figure 9: RC Drill-hole plan at Central Bore and Justinian Projects. Only more recent results are shown.

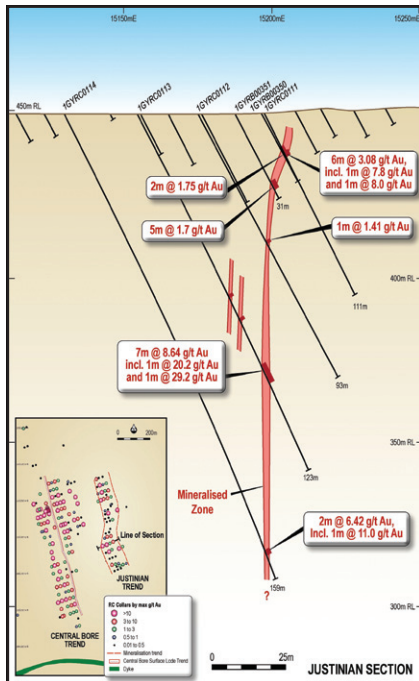


Figure 10: Cross-section at Justinian Project.

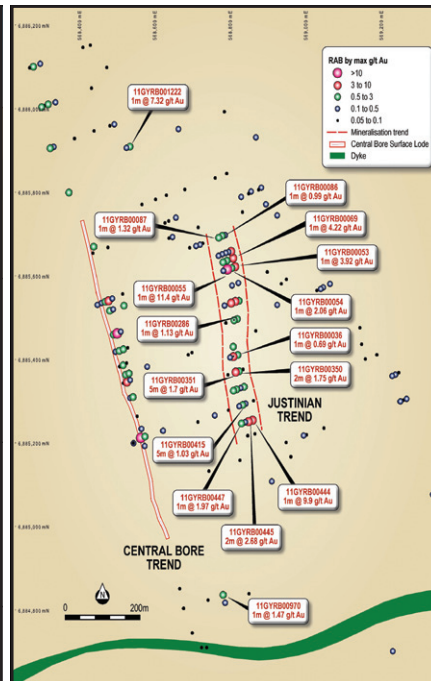


Figure 11: RAB Drill-hole plan at Central Bore and Justinian Projects.



## Central Bore North and Central Bore South

Gold anomalies at Central Bore North and South were identified in the RAB drilling programs during August 2010 to July 2011. RAB drilling at Central Bore North identified a 2 kilometre long anomaly about 500 metres north of the Imperial Shoot that appears to be a northern extension of the Central Bore trend.

Gold Road tested RAB anomalies along Central Bore North and also completed nine RC holes for 1,189 metres over four lines approximately 200 metres to 500 metres north of Central Bore's Imperial Shoot, with the best assays from the third and fourth lines. The most northern line of holes displayed a coherent mineralised shoot tested to a depth of approximately 70 metres below surface with grades up to 2.31 g/t over 4 metres including 8 g/t over 1 metre (see Figure 13). The shoot displays the hallmarks of the Central Bore mineralisation which could indicate the start of a new high grade zone.

Significant RC gold intercepts at Central Bore North included:

- 4 metres @ **2.31 g/t gold** from 78 metres including 1 metre @ **8.62 g/t gold**
- 4 metres @ 1.47 g/t gold from 45 metres, 2 metres @ 1.48 g/t gold from 53 metres and 1 metre @ 0.71 g/t gold from 58 metres within a 13 metre anomalous zone

RAB drilling at Central Bore South has delineated a 500 metre long zone of mineralisation that will be followed up with RC drilling.

Significant RAB gold intercepts at Central Bore South included:

- 3 metres @ **5.2 g/t gold** from 27 metres, including 1 metre @ **11.7 g/t gold**
- 1 metre @ **1.2 g/t gold** from 30 metres

Significant further exploration at Central Bore North and South is planned to take place during the 2012 financial year.

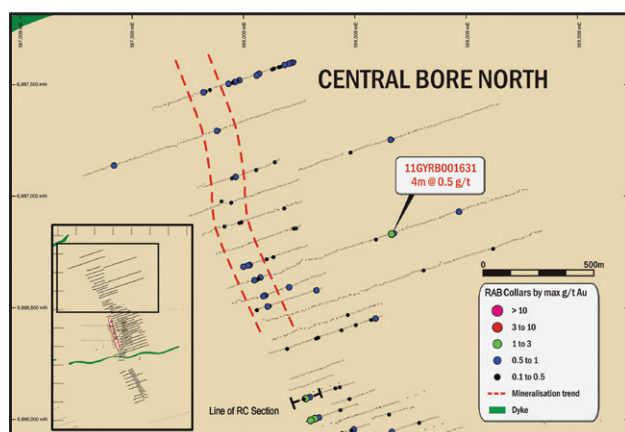


Figure 12: RAB Drill-hole plan at Central Bore North.

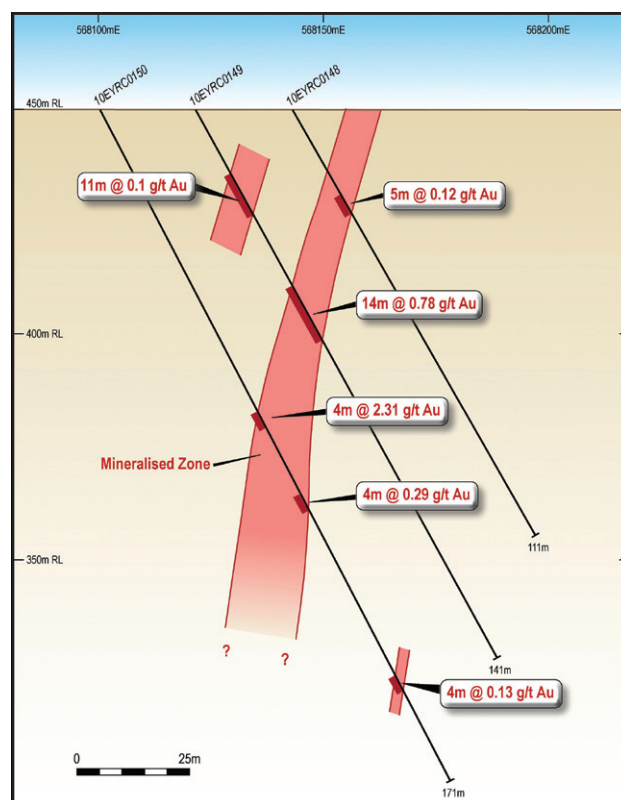


Figure 13: Drill-hole Cross Section (looking north) at Central Bore North, 500m north of the Imperial.

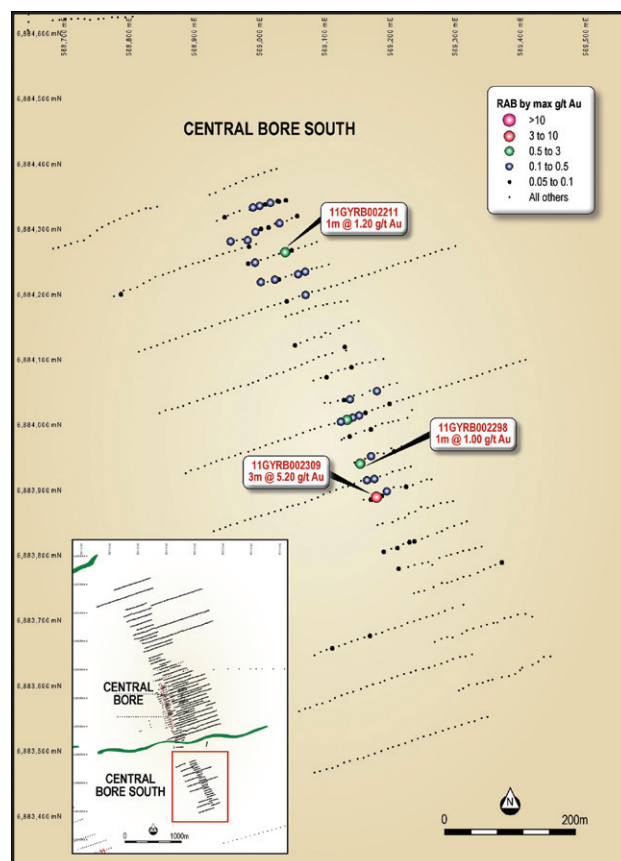


Figure 14: RAB drill-hole plan at Central Bore South.

## Hann Prospect

Gold Road confirmed Hann as a new gold discovery in July 2010. Located 2.4 kilometres west of Central Bore, a 10,000 to 20,000 metre RC program commenced in April 2011 to test the 4.3 kilometre-long gold anomaly. RC drilling was chosen instead of RAB due to hardness of the outcropping rocks, though it is essentially a reconnaissance drilling program.

Significant gold intercepts included:

- 2 metres @ **9.57 g/t gold** from 45 metres, including 1 metre @ **16 g/t gold**
- 1 metre @ **3.38 g/t gold** from 65 metres
- 2 metres @ **1.39 g/t gold** from 65 metres
- 4 metres @ **1.60 g/t gold** from 60 metres
- 1 metre @ **4.78 g/t gold** from 10 metres
- 4 metres @ **3.04 g/t gold** from 56 metres
- 4 metres @ **1.45 g/t gold** from 80 metres

The RC drilling rig is currently testing gold anomalies north of the regional extensive east-west trending dyke and further exploration at Hann is planned to take place during the 2012 financial year.

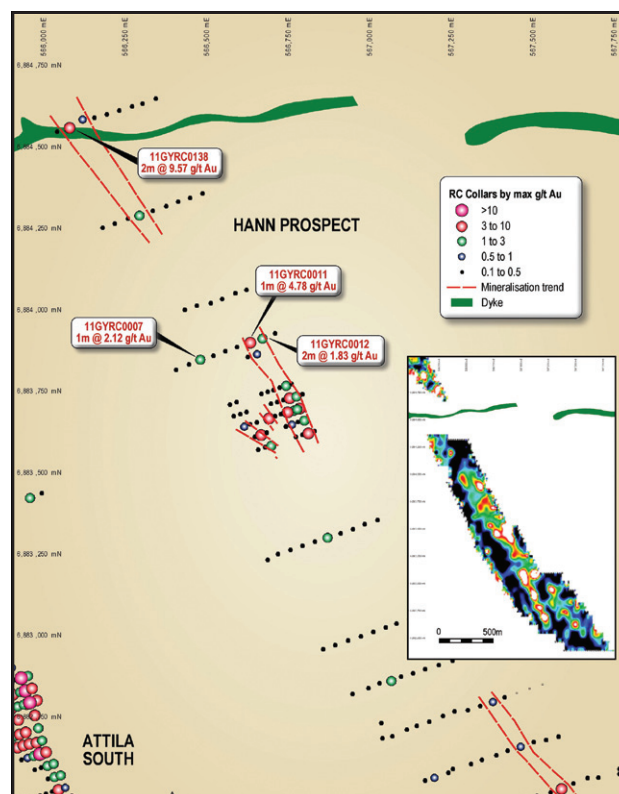


Figure 15: RC drill-hole plan at Hann Prospect.

## Attila Trend

The Attila Trend, also known as the Attila-Alaric Corridor, is an established gold resource located 3.7 kilometres west of Central Bore. Attila has a current JORC resource of 19.8 million tonnes at 1.44 g/t gold for a total of 917,000 contained ounces (refer to Table 3), established in August 2008. Since that time the A\$ gold price has risen approximately \$1,000/oz and has heightened the prospect for a commercial development of this resource.

Gold deposits on the trend (Attila-Alaric-Khan-Khan North) have only been partially tested due to its extensive mineralised strike length of more than 33 kilometres.

At best, Attila has been drilled to a 40 metre line spacing with a few minor infill lines. In large parts of the other deposits drill spacing is 100 metres or wider.

Gold Road completed 28 RC holes in July 2011 at the Attila prospect as part of the program to systematically drill out the gaps in the current Attila-Alaric-Khan-Khan North block model and increase the resource.

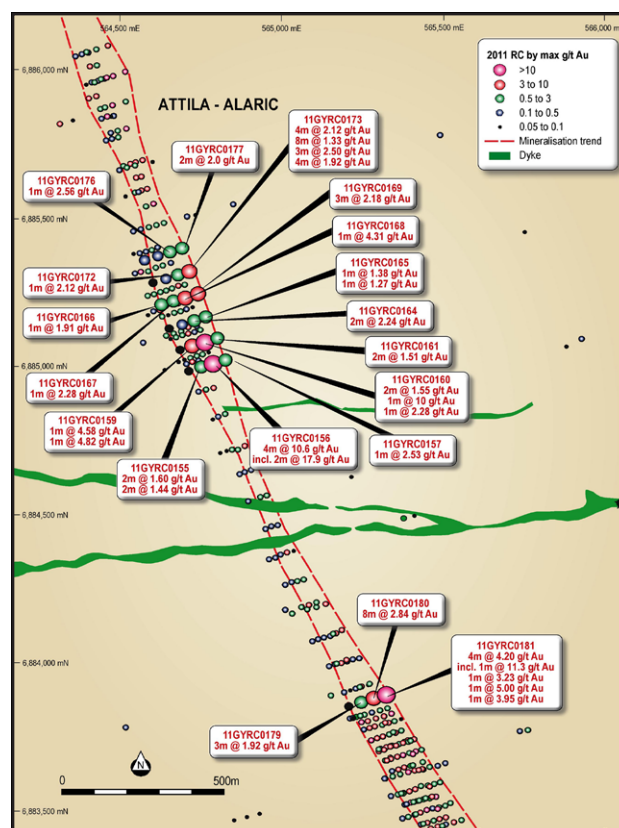


Figure 16: RC drill-hole plan at Attila.



Significant gold intercepts included:

- 4 metres @ **10.61 g/t gold** from 45 metres, including 2 metres @ **18.2 g/t gold**
- 1 metre @ **10 g/t gold** from 67 metres
- 4 metres @ **2.12 g/t gold** from 44 metres
- 8 metres @ **1.33 g/t gold** from 65 metres
- 3 metres @ **2.5 g/t gold** from 103 metres
- 4 metres @ **1.92 g/t gold** from 120 metres
- 8 metres @ **2.84 g/t gold** from 95 metres
- 4 metres @ **4.45 g/t gold** from 77 metres, including 1 metre @ **11.3 g/t gold**



## Elvis and Granodiorite South Prospects

Gold Road drilled two RAB reconnaissance lines, one at Elvis and one at Granodiorite South prospects, which are located approximately 500 metres west of the Attila trend. A number of anomalous gold values were recorded from the 4-metre composites. The best result included a **1 metre bottom of hole sample of 0.6 g/t gold from 45 metres within a zone of 6 metres at 0.1% copper from 40 metres**. To date, a **6-kilometre long and a 200-metre wide gold/copper anomaly** has been identified in the area with multiple gold zones. Granodiorite South prospect marks the most southern limit of exploration on this trend, which potentially could continue further to the south as it lacks any exploration over a significant area. Part of the trend is covered by up to 10-20 metres of Permian cover.

Gold mineralisation at Elvis and Granodiorite South is located in the eastern portion of a 1 kilometre wide granodiorite often associated with pegmatite dykes. Results of soil sampling, rock chipping and drilling indicate that it is associated with elevated copper (up to 2.1%), molybdenum (up to 0.2%) and bismuth (up to 200ppm). Recent limited sampling of pegmatite dykes at Elvis returned anomalous results with up to **399ppm niobium** and **211ppm tantalum**.

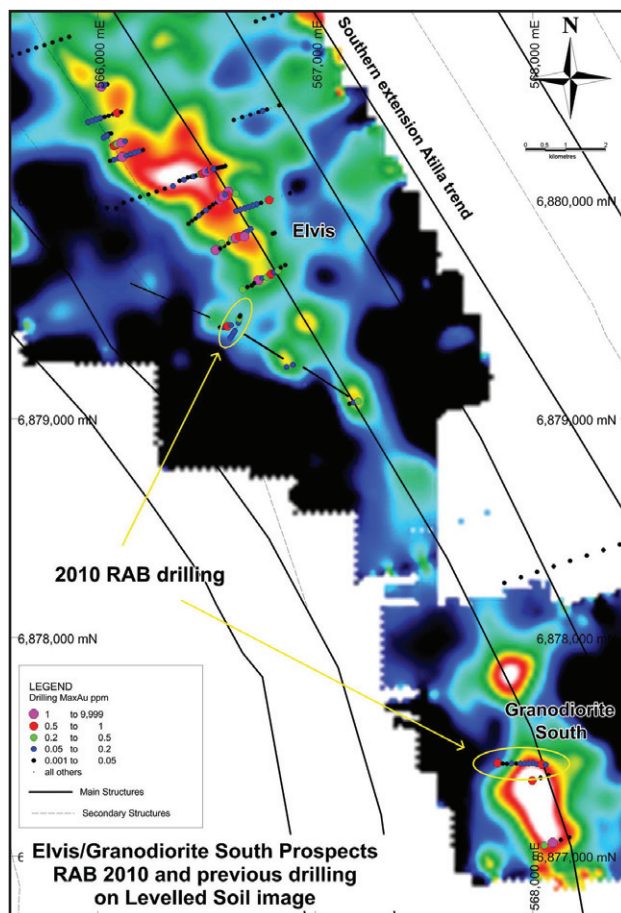


Figure 17: RAB Anomalies over an Image of Levelled Gold Anomalies from Soil Survey at Elvis and Granodiorite South Prospect Area.

## Tobin Hill Prospect

The Tobin Hill anomaly is approximately 1.5 kilometres long and located 5.5 kilometres south-east of Central Bore. An auger geochemistry program defined two zones containing anomalous gold values in February 2011.

Remaining open to the north and south, the gold anomaly appears to be located mainly within a 400-metre-wide basalt unit near the contacts with sedimentary units.

The Company's auger rig was used in this program as normal soil sampling methods were not considered effective in this area due to the approximately 1-2 metres thick cover of sheetwash and drainage material. The auger rig drilled holes to a nominal depth of 2 metres penetrating through the transported cover into the weathered Archaean basement.

The program at Tobin Hill was initiated to locate the source of nuggetty gold found previously in the area. A RAB drilling program to test the auger anomalies has recently been completed and the results are awaited.

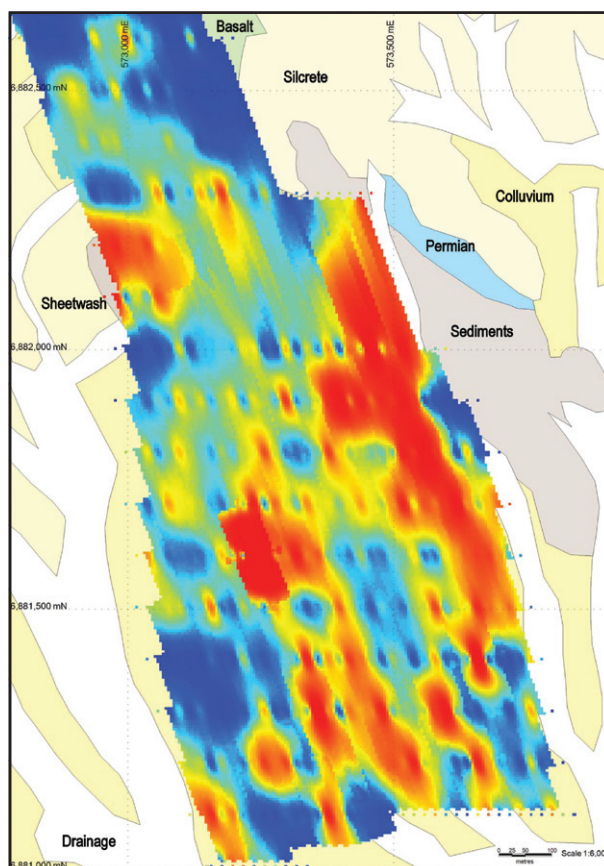


Figure 18: Image of Gold Anomalies (red and yellow) from Auger Survey at Tobin Hill Prospect.

## Dorothy Hills Prospect

Gold Road identified the Dorothy Hills gold prospect, located approximately 23 kilometres north-east of Central Bore, in April 2011 using combined auger and soil geochemistry programs.

Work was carried out over two areas at the prospect – the north-western area identified a **1.8 kilometre-long gold anomaly** and the south-eastern area identified a **1.4 kilometre-long gold anomaly**. Both anomalies are open-ended. The weaker responses coincided with thicker transported cover (Figure 19). Four **rock chips** collected from the quartz vein sub-outcropping in the north-western area returned values **between 0.081 g/t gold and 0.699 g/t gold**.

Analysis of the airborne magnetics and recent geological mapping indicated favourable structures at the granite and basalt contact where the basalt is folded and wrapped around intruded granite. Gold anomalism is also expected within the folded sheared granite.

It is considered that a significant extent of the untested 15 kilometre-long granite-basalt contact could be mineralised. The follow up geochemical and drilling work will be carried out later this year to gain a better understanding of the Dorothy Hills prospect's gold potential.

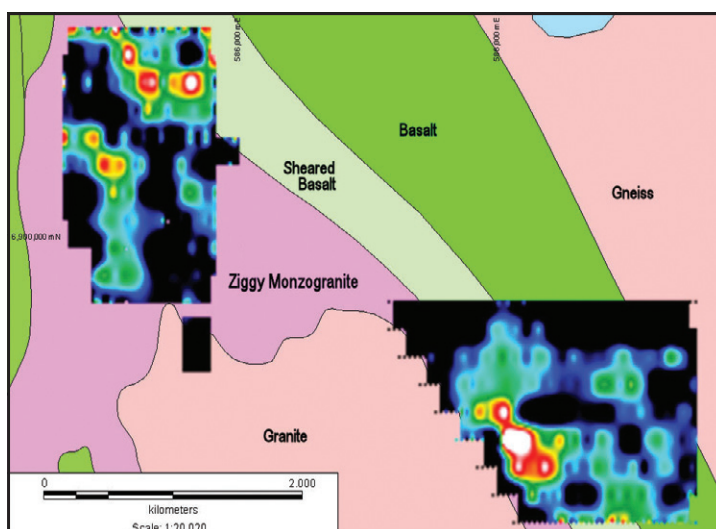


Figure 19: Image of Levelled for Regolith Gold Anomalies at Dorothy Hills Area.



## Yamarna Regional Targets

Gold Road has a suite of gold targets within its greater, 5,000km<sup>2</sup> tenement holding, ranging from conceptual targets to targets with some surface and RAB geochemical anomalism.

### State Funding

In June 2011 Gold Road was granted up to \$177,500 in state co-funding to drill the regional crustal structures of the Dorothy Hills and Golden Sands prospects. Both are highly prospective but relatively unexplored gold prospects, located further afield from the two existing resources at Attila and Central Bore.

Funding was granted following a successful application by Gold Road to the 2011/12 GSWA, Department of Mines and Petroleum EIS Co-funded Drilling Project.

Golden Sands and Dorothy Hills are early stage conceptual targets. It is expected that these initial drill holes will lead Gold Road to new ideas and a better understanding of these major crustal structures. The objective is to find new, large deposits, which the Yamarna Gold Belt has the potential to host.

No known previous drilling has been done at Golden Sands, which is interpreted to be on the southern extension of the Yamarna Shear Zone. It is situated 25 kilometres north of AngloGold-Ashanti and Independence's 5 Moz Tropicana gold project. The Golden Sands project area extends over 65 kilometres and is considered highly prospective for gold and uranium mineralisation. The area has substantial younger sediment cover which obscures the prospective Archaean greenstone sequences.

At Dorothy Hills Gold Road identified significant new gold anomalies earlier this year at the contact between the basaltic rocks and the granites through combined auger and soil geochemistry programs.

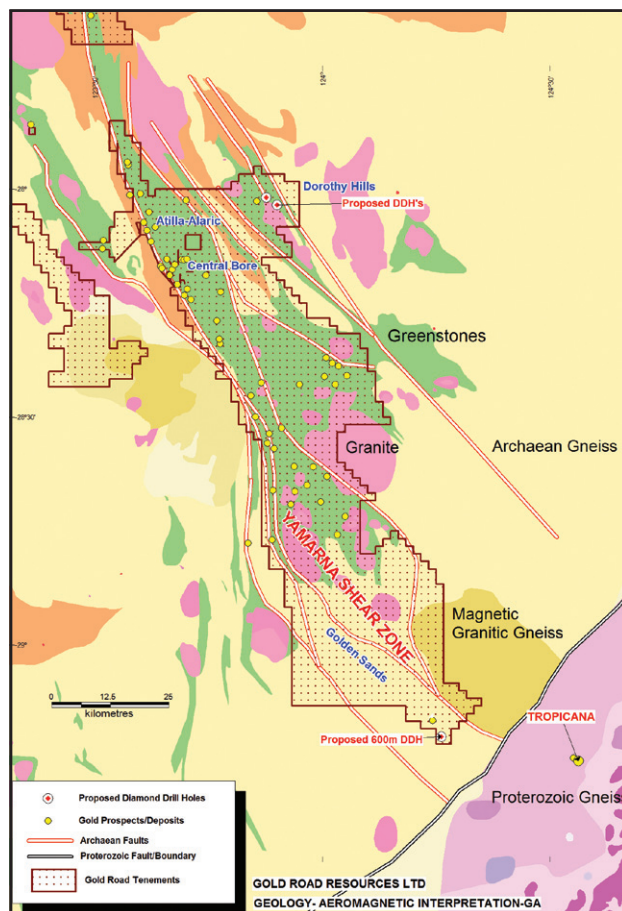


Figure 20: Location of Proposed State Funding Diamond Holes.



# Review of Operations continued

## Uranium Exploration

Gold Road holds a prospective uranium portfolio in the Yamarna region with its Thatcher Soak uranium deposit and earlier stage projects at Lake Wells and Golden Sands. No work was carried out in the 2010/2011 financial year on uranium.

### Thatcher Soak

Independent consultants Coffey Mining estimated an Inferred Mineral Resource at Thatcher Soak of 16.1 million tonnes averaging 174ppm  $U_3O_8$  for 6.2 million pounds of contained  $U_3O_8$  (or approximately 2,800 tonnes contained  $U_3O_8$ ) using a 100ppm  $U_3O_8$  cut-off (refer to Table 4).

On 30 June 2008 Uranex NL, owner of the western portion of the Thatcher Soak deposit, announced an Inferred Mineral Resource estimate for its portion of the Thatcher Soak deposit of 28 million tonnes averaging 220ppm  $U_3O_8$  for 14 million pounds of contained  $U_3O_8$  using a 100ppm  $U_3O_8$  cut-off.



The total resource at Thatcher Soak within Gold Road's and Uranex's tenements is 44.1 million tonnes averaging 203ppm  $U_3O_8$  for 20.2 million pounds of contained  $U_3O_8$  using a 100ppm  $U_3O_8$  cut-off. This makes Thatcher Soak the fourth largest uranium calcrete deposit in Western Australia. The total length of uranium mineralisation at Thatcher Soak is approximately 15 kilometres.

The Thatcher Soak uranium mineralisation is principally carnotite with the mineralised zones elongated parallel to the drainage and largely coincident with a playa lake system. The mineralisation is usually shallow and 1 to 2 metres thick.

### Golden Sands

The Golden Sands tenements are also considered to be highly prospective for uranium mineralisation. They are located approximately 140 kilometres south-south-east of Thatcher Soak and about 100 kilometres north-east of Mulga Rocks. Golden Sands is located in the south-western portion of the Gunbarrel Basin that also hosts the Mulga Rock uranium deposit.

### Lake Wells

At Lake Wells, the main target is calcrete associated uranium mineralisation within channels that are adjacent to a radiometrically active basement. Several radiometric anomalies are present in the area, including one highly anomalous target as outlined on the uranium channel radiometrics, which may prove to be calcrete hosted.

## Native Title

Gold Road has agreements in place with relevant traditional owners allowing for:

- the conduct of Aboriginal heritage surveys over its tenements; and
- access to its tenements over Cosmo Newberry Aboriginal Reserve.

In accordance with the statutory process under the *Native Title Act 1993* (Cth), Gold Road has initiated discussions with the current registered native title claim group over the area of the Yamarna Project, the Yilka people, with a view to reaching agreement regarding the grant of Gold Road's mining leases. Gold Road intends to substantially advance those discussions during the forthcoming year.



## NOTES:

The information in this report which relates to Exploration Results, or Mineral Resources is based on information compiled by Ziggy Lubieniecki, the Executive Director – Technical of Gold Road, who is a Member of the Australasian Institute of Mining and Metallurgy and a Member of the Australian Institute of Geoscientists. Mr Lubieniecki has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration to qualify as a Competent Person as defined in the 2004 Edition of the “Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves”. Mr Lubieniecki consents 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 which relates to the Yamarna Gold Project Mineral Resource estimates are based on geostatistical modelling by Ravensgate using sample information and geological interpretation supplied by Gold Road. The Mineral Resource estimates were undertaken by Stephen Hyland, a principal Consultant of Ravensgate. Mr Hyland is a Member of the Australasian Institute of Mining and Metallurgy and has 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 2004 Edition of the “Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves.” Mr Hyland consents 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 which relate to the Uranium Mineral Resource estimates are based on geostatistical modelling by Coffey Mining Pty Ltd using sample information and geological interpretation supplied by Gold Road. The Mineral Resource estimates were undertaken by Hilary Wright, a Senior Resource Geologist and Neil Inwood, a Special Resource Geologist. Mr Inwood is the competent person responsible for the Resource and is a Member of the Australasian Institute of Mining and Metallurgy and has sufficient experience relevant to the style of mineralisation and type of deposit under consideration and to the activity which he has undertaken to qualify as a Competent Person as defined in the 2004 Edition of the “Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves.” Mr Inwood consents to the inclusion in the report of the matters based on this information in the form and context in which it appears.

## APPENDIX:

Table 3: The Mineral Resource inventory for the Total Yamarna Project including Attila and Central Bore Projects as at March 2011. Note: rounding errors may occur.

	Attila (0.5g/t Au Cut-off)	Central Bore (1.0g/t Au Cut-off)	Total
<b>Inferred</b>			
Tonnes	7,117,000	238,000	<b>7,355,000</b>
AU (g/t)	1.41	4.78	<b>1.52</b>
AU (oz)	322,000	36,600	<b>358,600</b>
<b>Indicated</b>			
Tonnes	6,251,000	333,000	<b>6,584,000</b>
AU (g/t)	1.36	9.43	<b>1.77</b>
AU (oz)	273,000	101,000	<b>374,000</b>
<b>Measured</b>			
Tonnes	6,449,000	24,000	<b>6,473,000</b>
AU (g/t)	1.55	16.67	<b>1.61</b>
AU (oz)	322,000	12,700	<b>334,700</b>
<b>Total</b>			
Tonnes	19,817,000	595,000	<b>20,412,000</b>
AU (g/t)	1.44	7.86	<b>1.63</b>
AU (oz)	917,000	150,300	<b>1,067,300</b>

2011 Attila/Central Bore Tonnes and Grade by Resource Classification – Yamarna Project

Table 4: Thatcher Soak Uranium Project Inferred Resource Estimate. Note: figures have been rounded.

Cut Off	Million Tonnes	Grade U <sub>3</sub> O <sub>8</sub> ppm	Contained U <sub>3</sub> O <sub>8</sub> (Million Pounds)
100ppm U <sub>3</sub> O <sub>8</sub>	16.1	174	6.2
150ppm U <sub>3</sub> O <sub>8</sub>	10.0	204	4.5

# Schedule of Interests in Mining Tenements

Tenement Number	Registered Title Holder	Gold Road % Interest	Status
<b>EXPLORATION LICENCES</b>			
E38/1083	Gold Road Resources	100	Granted
E38/1097	Gold Road Resources	100	Granted
E38/1386	Gold Road Resources	100	Granted
E38/1388	Gold Road Resources	100	Granted
E38/1798	Gold Road Resources	100	Granted
E38/1858	Gold Road Resources	100	Granted
E38/1931	Gold Road Resources	100	Granted
E38/1932	Gold Road Resources	100	Granted
E38/1964	Gold Road Resources	100	Granted
E38/2178	Gold Road Resources	100	Granted
E38/2235	Gold Road Resources	100	Granted
E38/2236	Gold Road Resources	100	Granted
E38/2250	Gold Road Resources	100	Granted
E38/2290	Gold Road Resources	100	Granted
E38/2291	Gold Road Resources	100	Granted
E38/2292	Gold Road Resources	100	Granted
E38/2293	Gold Road Resources	100	Granted
E38/2294	Gold Road Resources	100	Granted
E38/2319	Gold Road Resources	100	Granted
E38/2320	Gold Road Resources	100	Granted
E38/2325	Gold Road Resources	100	Granted
E38/2326	Gold Road Resources	100	Granted
E38/2327	Gold Road Resources	100	Granted
E38/2355	Gold Road Resources	100	Granted
E38/2356	Gold Road Resources	100	Granted
E38/2362	Gold Road Resources	100	Granted
E38/2363	Gold Road Resources	100	Granted
E38/2415	Gold Road Resources	100	Granted
E38/2427	Gold Road Resources	100	Granted
E38/2428	Gold Road Resources	100	Granted
E38/2429	Gold Road Resources	100	Granted
E38/2446	Gold Road Resources	100	Granted
E38/2447	Gold Road Resources	100	Granted
E38/2507	Gold Road Resources	100	Granted
E38/361	Gold Road Resources	100	Granted
E39/1553	Gold Road Resources	100	Granted
E39/1554	Gold Road Resources	100	Granted
E39/1555	Gold Road Resources	100	Granted

Tenement Number	Registered Title Holder	Gold Road % Interest	Status
<b>EXPLORATION LICENCES</b>			
E38/2249	Gold Road Resources	100	Application
E38/2336	Gold Road Resources	100	Application
E38/2445	Gold Road Resources	100	Application
E38/2638	Gold Road Resources	100	Application
E38/2659	Gold Road Resources	100	Application
<b>MINING LEASES</b>			
M38/435	Gold Road Resources	100	Granted
M38/436	Gold Road Resources	100	Granted
M38/437	Gold Road Resources	100	Granted
M38/438	Gold Road Resources	100	Granted
M38/439	Gold Road Resources	100	Granted
M38/788	Gold Road Resources	100	Granted
M38/814	Gold Road Resources	100	Granted
M38/841	Gold Road Resources	100	Granted
M38/1178	Gold Road Resources	100	Application
M38/1179	Gold Road Resources	100	Application
M38/1255	Gold Road Resources	100	Application
<b>PROSPECTING LICENCES</b>			
P38/3337	Gold Road Resources	100	Granted
P38/3338	Gold Road Resources	100	Granted
P38/3344	Gold Road Resources	100	Granted
P38/3345	Gold Road Resources	100	Granted
P38/3346	Gold Road Resources	100	Granted
P38/3350	Gold Road Resources	100	Granted
P38/3352	Gold Road Resources	100	Granted
P38/3824	Gold Road Resources	100	Granted
P38/3869	Gold Road Resources	100	Granted
P38/3870	Gold Road Resources	100	Granted
P38/3895	Gold Road Resources	100	Granted
P38/3896	Gold Road Resources	100	Granted
<b>MISCELLANEOUS LICENCES</b>			
L38/180	Gold Road Resources	100	Application
L38/186	Gold Road Resources	100	Application
L38/187	Gold Road Resources	100	Application



# Corporate Governance Statement

The Directors of Gold Road support the establishment and ongoing development of good corporate governance for the Company.

Gold Road has adopted systems of control and accountability as the basis for the administration of corporate governance. These policies and procedures are summarised below. The Board of the Company is committed to administering the policies and procedures with openness and integrity, pursuing the true spirit of corporate governance commensurate with the Company's needs.

The Board and management are committed to corporate governance and, to the extent they are applicable to the Company, have adopted the Eight Essential Corporate Governance Principles and each of the Best Practice Recommendations as published by ASX Corporate Governance Council (**ASX Principles and Recommendations**).

Further information about the Company's corporate governance practices is set out on the Company's website at [www.goldroad.com.au](http://www.goldroad.com.au). In accordance with the recommendations of the ASX, information published on the Company's website includes:

1. Board Charter
2. Nomination Committee Charter
3. Policy and Procedure for Selection and Appointment of New Directors
4. Code of Conduct
5. Policy for Dealing in the Company Securities
6. Continuous Disclosure Policy
7. Shareholder Communications Policy
8. Company's Risk Management Policy
9. Diversity Policy

This Statement sets out the corporate governance practices in place during the course of the financial year and as at the date of this report which comply with the recommendations of the Corporate Governance Council unless otherwise stated.

## Corporate Governance Council Principle 1

### ***Lay Solid Foundations for Management and Oversight***

#### **Role of the Board of Directors**

The role of the Board is to build long term sustainable value for its security holders whilst respecting the interests of its stakeholders.

In order to fulfil this role, the Board is responsible for the overall corporate governance of the Company including formulating its strategic direction, setting remuneration and monitoring the performance of Directors and Senior Executives. The Board relies on Senior Executives to assist it in approving and monitoring expenditure, ensuring the integrity of internal controls and management information systems and monitoring and approving financial and other reporting.

In complying with Recommendation 1.1 of the Corporate Governance Council, the Company has adopted a Board Charter which clarifies the respective roles of the Board and senior management and assists in decision making processes. A copy of the Board Charter and the responsibilities of senior executives and management is available on the Company's website.

#### **Board Processes**

An agenda for Board meetings has been determined to ensure certain standing information is addressed and other items which are relevant to reporting deadlines and or regular review are scheduled when appropriate. The agenda is regularly reviewed by the Executive Chairman and the Company Secretary.

#### **Evaluation of Senior Executive Performance**

The Company has not complied with Recommendation 1.2 of the Corporate Governance Council. Due to the early stage of development of the Company it is difficult for quantitative measures of performance to be established. As the Company progresses its projects, the Board intends to establish appropriate evaluation procedures. The Executive Chairman currently assesses the performance of the Board, individual directors and key executives on an informal basis.

# Corporate Governance Statement continued

## Corporate Governance Council Principle 2

### **Structure the Board to Add Value**

#### **Board Composition**

The Constitution of the Company provides that the number of Directors shall not be less than three. There is no requirement for any shareholding qualification.

The membership of the Board, its activities and composition is subject to periodic review. The criteria for determining the identification and appointment of a suitable candidate for the Board shall include the quality of the individual, background of experience and achievement, compatibility with other Board members, credibility within the scope of activities of the Company, intellectual ability to contribute to Board duties and physical ability to undertake Board duties and responsibilities.

Directors are initially appointed by the Board and are subject to re-election by shareholders at the next general meeting. In any event one third of the Directors are subject to re-election by shareholders at each general meeting.

The Board is presently comprised of five members, three Non-executive Directors and two Executive Directors.

The Board has assessed the independence of the Non-Executive Directors in accordance with the definition contained within the ASX Corporate Governance Guidelines and has concluded that the majority of the Non-Executive Directors, do not meet the recommended independence criteria. As a result the Company does not comply with Recommendation 2.1 of the Corporate Governance Council. Mr Hart is not independent by virtue of his Director related services provided to the Company, through Endeavour Corporate and Mr Davis is not independent as he has previously been employed by the Company in an executive capacity.

#### **Independent Chairman**

The Chairman is an Executive of the Company and therefore not an independent Chairman. As such Recommendation 2.2 of the Corporate Governance Council has not been complied with. The Board however believes that Mr Murray is the most appropriate person for the position as Chairman because of his industry experience and proven track record as a public company Director.

The Board at this point in time has one independent Non-Executive Director, Mr Martin Pyle. However the Board considers both its structure and composition are appropriate given the size of the Company and its current scale of operation.

#### **Roles of Chairman and Chief Executive Officer**

The roles of Chairman and Chief Executive Officer are not exercised by different individuals, and as such the Company does not comply with Recommendation 2.3 of the Corporate Governance Council. The Executive Chairman of the Company is currently exercising both these roles. Due to the size of the Company and Mr Murray's experience, the Board is of the opinion that Mr Murray has the capacity to fulfil both these roles at the present time.

A profile of each Director, including their skills, experience and relevant expertise, and the date each Director was appointed to the Board is set out in the Directors' Report.

#### **Nomination Committee**

The Board does not have a separate Nomination Committee comprising of a majority of independent Directors and as such does not comply with Recommendation 2.4 of the Corporate Governance Council. The selection and appointment process for Directors is carried out by the full Board. The Board considers that given the importance of Board composition it is appropriate that all members of the Board partake in such decision making.

A copy of the Nomination Committee Charter and the Policy and Procedure for Selection and Appointment of New Directors is available on the Company's website.



### **Evaluation of Board Performance**

The Company does not have a formal process for the evaluation of the performance of the Board and as such does not comply with Recommendation 2.5 of the Corporate Governance Council. The Board is of the opinion that the competitive environment in which the Company operates will effectively provide a measure of the performance of the Directors, in addition the Chairman assesses the performance of the Board, individual Directors and key executives on an informal basis from time to time.

### **Education**

All Directors are encouraged to attend professional education courses relevant to their roles.

### **Independent Professional Advice and Access to Information**

Each Director has the right to access all relevant information in respect to the Company and to make appropriate enquiries of senior management. Each Director has the right to seek independent professional advice on matters relating to him as a Director of the Company at the Company's expense, subject to prior approval of the Chairman which shall not be unreasonably withheld.

## **Corporate Governance Council Principle 3**

### ***Promote Ethical and Responsible Decision Making***

#### **Code of Conduct**

The Board believes in and supports ethical and responsible decision making. It is expected that all Directors, managers and employees observe the highest standards of integrity, objectivity and business ethics in conducting its business, striving at all times to enhance the reputation and performance of the Company in respect of legal and other obligations to all legitimate stakeholders.

Accordingly, the Board acknowledges the rights of stakeholders and has adopted a Code of Conduct.

The Board has adopted a Code of Conduct that applies to all employees, executives and Directors of the Company and as such complies with Recommendation 3.1 of the Corporate Governance Council. This Code addresses expectations for conduct in the following areas:

- Responsibility to shareholders;
- Integrity and honesty;
- Respect for laws;
- Conflicts of interests;
- Protection of assets;
- Confidential information;
- Employment practices;
- Respect for the community;
- Respect for individuals;
- Fair trading and dealing;
- Compliance with Code of Conduct; and
- Periodic review of the Code.

A copy of the Company's Code of Conduct is available on the Company's website.

#### **Diversity Policy**

The Board has implemented a Diversity Policy in line with Corporate Governance guidelines. The Company believes that the promotion of diversity on the Board, in senior management and within the organisation generally is good practice and adds to the strength of the Company.

The policy affirms existing employment arrangements which seek to attract and retain people by promoting an environment where employees are treated with fairness and respect and have equal access to opportunities as they arise. Diversity within the workforce includes such factors as religion, race, ethnicity, language, gender, disability and age.

# Corporate Governance Statement continued

## **Gender Diversity**

The Corporate Governance guidelines relating to reporting are effective from 1 July 2011 and require the Board to set 'measurable objectives' for achieving gender diversity and to report against them on an annual basis. The Board is currently reviewing its practices with a focus on ensuring the selection process at all levels within the organisation is formal and transparent, and that the workplace environment is open, fair and tolerant. Measures to assess the success of the policy will be put in place during the coming financial year.

## **Security Trading Policy**

The Board has committed to ensuring that the Company, its Directors and executives comply with their legal obligations as well as conducting their business in a transparent and ethical manner. The Board has adopted a policy on dealing in the Company's securities by Directors, officers and employees which prohibits dealing in the Company's securities when those persons possess inside information and as such complies with Recommendation 3.2 of the Corporate Governance Council. Further, in keeping with recent Listing Rule Amendments, additional restrictions are placed on trading by relevant persons including Directors, key management personnel and employees. The policy also provides that notification of intended trading should be given to the Chairman prior to trading. A copy of the Policy for dealing in Company Securities is available on the Company's website.

The law prohibits insider trading and the Corporations Act and the ASX Listing Rules require disclosure of any trading undertaken by Directors or their related entities in the Company's securities.

## Corporate Governance Council Principle 4

### ***Safeguarding Integrity in Financial Reporting***

#### **Audit Committee**

The Company does not have a separately constituted audit committee with a composition as suggested by Recommendations 4.1, 4.2 and 4.3 of the Corporate Governance Council. The full Board carries out the function of an audit committee. The Board believes that the Company is not of a sufficient size to warrant a separate committee and that the full Board is able to meet objectives of the best practice recommendations and discharge its duties in this area. The relevant experience of Board members is detailed in the Directors' section of the Directors' Report.

External audit recommendations, internal control matters and any other matters arising from the half-year audit review and the annual statutory audit are discussed directly between the Board and the audit engagement director.

#### **External Auditors**

The Company's policy is to appoint external auditors who clearly demonstrate quality and independence. Performance of the external auditor is reviewed annually by the Board. Auditor rotation is required by the Corporations Act 2001. The external auditor is requested to attend the Annual General Meeting and be available to answer shareholder questions about the conduct of the audit and the preparation and content of the audit report.

#### **Financial Reporting**

The Board relies on senior executives to monitor the internal controls within the Company. Financial performance is monitored on a regular basis by the Executive Chairman and Company Secretary who reports to the Board at the scheduled Board meetings.



## Corporate Governance Council Principle 5

### ***Make Timely and Balanced Disclosure***

#### **Timely and Balanced Disclosure**

The Board is committed to the promotion of investor confidence by providing full and timely information to all security holders and market participants about the Company's activities and to comply with the continuous disclosure requirements contained in the Corporations Act 2001 and the ASX Listing Rules.

The Company has adopted formal written policies and procedures, designed to ensure compliance with the ASX Listing Rule requirements, in accordance with Recommendation 5.1 of the Corporate Governance Council. A copy of the Continuous Disclosure Policy is available on the Company's website.

Continuous disclosure is discussed at all regular Board meetings and on an ongoing basis the Board ensures that all activities are reviewed with a view to the necessity for disclosure to security holders.

In accordance with ASX Listing Rules, the Company Secretary is appointed as the Company's disclosure officer.

## Corporate Governance Council Principle 6

### ***Respect the Rights of Shareholders***

#### **Communications**

The Board fully supports security holder participation at general meetings as well as ensuring that communications with security holders are effective and clear. During the period this has been incorporated into a formal shareholder communication strategy, and so complies with Recommendation 6.1 of the Corporate Governance Council.

A copy of the Shareholder Communications Policy is available on the Company's website.

In addition to electronic communication via the ASX website, the Company publishes all ASX releases including Annual and Half-Yearly financial statements on the Company's website.

Shareholders are able to pose questions on the audit process and the financial statements directly to the independent auditor who attends the Company's Annual General Meeting for that purpose.

## Corporate Governance Council Principle 7

### ***Recognise and Manage Risk***

#### **Risk Management Policy**

The Board has adopted a formal risk management policy and therefore complied with Recommendation 7.1 of the Corporate Governance Council during the current period. The Board delegates day-to-day management of risk to the Executive Chairman, Company Secretary and senior executives who are responsible for implementing and maintaining a framework of control and accountability systems to enable risk to be assessed and managed. A copy of the Company's Risk Management Policy is available on the Company's website.

#### **Risk Management and the Internal Control System**

The Executive Chairman and Company Secretary, with the assistance of senior executives as required, have responsibility for identifying, assessing, treating and monitoring risks and reporting to the Board on risk management.

In order to implement risk management strategies, it was considered important that the Company establish an internal control regime in order to:

- assist the Company to achieve its strategic objectives;
- safeguard the assets and interests of the Company and its stakeholders; and
- ensure the accuracy and integrity of external reporting.

# Corporate Governance Statement continued

Key identified risks to the business are monitored on an ongoing basis as follows:

- **Business risk management**

The Company manages its activities within budgets and operational and strategic plans.

- **Internal controls**

The Board has implemented internal control processes typical for the Company's size and stage of development. It requires the senior executives to ensure the proper functioning of internal controls and in addition it obtains advice from the external auditors as considered necessary.

- **Financial reporting**

Directors approve an annual budget for the Company and regularly review performance against budget at Board meetings.

- **Operations review**

Members of the Board regularly visit the Company's exploration project areas, reviewing development activities, geological practices, environmental and safety aspects of operations.

- **Environment and safety**

The Company is committed to ensuring that sound environmental management and safety practices are maintained on its exploration activities.

The Company's risk management strategy is evolving and will be an ongoing process and it is recognised that the level and extent of the strategy will develop with the growth and change in the Company's activities.

## **Risk Reporting**

As the Board has responsibility for the monitoring of risk management it has not required a formal report regarding the material risks and whether those risks are managed effectively, therefore not complying with Recommendation 7.2 of the Corporate Governance Council. The Board believes that the Company is currently effectively communicating its significant and material risks to the Board and its affairs are not of sufficient complexity to justify the implementation of a more formal system for identifying, assessing monitoring and managing risk in the Company.

The Board is seeking to improve and formalise the Company's risk management of internal control systems.

The Company does not have an internal audit function.

## **Executive Chairman and Company Secretary Written Statement**

The Board requires the Executive Chairman and the Company Secretary provide a written statement that the financial statements of the Company present a true and fair view, in all material aspects, of the financial position and operational results and have been prepared in accordance with Australian Accounting Standards and the Corporations Act. The Board also requires that the Executive Chairman and Company Secretary provide sufficient assurance that the declaration is founded on a sound system of risk management and internal control, and that the system is working effectively.

The declarations have been received by the Board, in accordance with Recommendation 7.3 of the Corporate Governance Council.



## Corporate Governance Council Principle 8

### ***Remunerate Fairly and Responsibly***

The Company's remuneration policy is to ensure that the remuneration package properly reflects the person's duties and responsibilities and that remuneration is competitive in attracting, retaining and motivating people of the highest quality.

Disclosure of the details of the nature and amount of each element of Directors', including Non-Executive Directors, and Executive's remuneration is included in the financial statements.

### **Remuneration Committee**

The Board does not have a separate remuneration committee and as such does not comply with Recommendation 8.1 of the Corporate Governance Council. Due to the early stage of development and relative size of the Company, a separate remuneration committee was not considered to add any efficiency to the process of determining the levels of remuneration for the Directors and key executives.

The Board determines all compensation arrangements for Directors. It is also responsible for setting performance criteria, performance monitors, share option schemes, incentive performance schemes, superannuation entitlements, retirement and termination entitlements and professional indemnity and liability insurance cover.

### **Distinguish Between Executive and Non-Executive Remuneration**

The Company does distinguish between the remuneration policies of its Executive and Non-Executive Directors in accordance with Recommendation 8.2 of the Corporate Governance Council.

Executive Directors receive salary packages which may include performance based components, designed to reward and motivate, including the granting of share options and performance rights, subject to shareholder approval and with vesting conditions relating to continuity of engagement.

Non-Executive Directors receive fees agreed on an annual basis by the Board, within total Non-Executive remuneration limits voted upon by shareholders at Annual General Meetings.

The Board ensures that, all matters of remuneration will continue to be in accordance with Corporations Act requirements, by ensuring that none of the Directors participate in any deliberations regarding their own remuneration or related issues. To the extent that additional executives are appointed in the future and the scope of the Company's activities expands, the Company will reconsider whether a change in the structure of executive remuneration is appropriate.

# Directors' Report

The Directors present their report on Gold Road for the year ended 30 June 2011.

## Directors

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

Ian Murray	<i>Executive Chairman</i>
Ziggy Lubieniecki	<i>Executive Director – Technical</i>
Russell Davis	<i>Non-Executive Director</i>
Kevin Hart	<i>Non-Executive Director</i>
Martin Pyle	<i>Non-Executive Director</i>

### **IAN MURRAY – B Comm, CA(SA), ACA, ACMA, Adv Tax Cert**

*Executive Chairman*

Mr Murray was appointed on 15 October 2007 as a Non-Executive Director and on 12 February 2008 as Executive Chairman.

Mr Murray is a Chartered Accountant and has over 16 years corporate experience in the publicly listed resource sector. Previously he was with DRDGOLD Ltd between 1997 – 2005 during which time he held positions including Chief Financial Officer and Chief Executive Officer. Mr Murray also serves on the board of Metaliko Resources Limited. He has not held any other directorships in public listed companies in the past three years.

Mr Murray oversaw DRDGOLD's major acquisitions, restructures and stock exchange listings over the nine years which grew DRDGOLD from a small, lease-bound South African miner into a globally listed multi-mine gold company producing at its peak over 1 moz of gold per annum. Prior to this he qualified as a Chartered Accountant with KPMG, worked in Management Consulting with PricewaterhouseCoopers, worked in the South African Revenue Service and assisted in establishing one of South Africa's most successful biotechnology companies.

Mr Murray is a qualified Chartered Accountant and a member of both the South African and Australian Institutes, having obtained a Bachelor of Commerce degree and Higher Diploma in Accounting from the University of Cape Town, South Africa. In addition Mr Murray is an associate member of the Chartered Institute of Management Accountants.

Mr Murray is 45 years of age.

### **ZIGGY LUBIENIECKI – BASc (Applied Geology), MAusIMM, MAIG**

*Executive Director – Technical*

Mr Lubieniecki joined the Company in June 2007. He was appointed the General Manager of Gold Road's operations and exploration on 1 August 2009 and Executive Director – Technical on 13 December 2010. He has been responsible for progressing the Company's 100%-owned Yamarna Project, located 140km east of Laverton, Western Australia, including the high-grade Central Bore/Justinian and surrounding deposits.

Mr Lubieniecki is a geologist with 25 years experience in exploration, mining, management, property acquisition and company listing. He holds a Bachelor of Applied Science in Applied Geology from the Royal Melbourne Institute of Technology and is a Member of the Australasian Institute of Mining and Metallurgy and a Member of Australian Institute of Geoscientists.

Mr Lubieniecki is 59 years of age.

### **RUSSELL DAVIS – BSc (Hons), MBA, MAIMM, FFIN**

*Non-Executive Director*

Mr Davis was a founding director of Gold Road appointed on 28 May 2004. He served as Executive Exploration Director to 1 January 2008 and subsequently as a Non-Executive Director.

Mr Davis is a geologist with over 25 years experience in mineral exploration, management, property acquisition, mining and development. During this period he has worked on the exploration and development of a range of commodities for several international mining companies. Mr Davis currently also serves on the board of Syndicated Metals Limited. He has not held any other directorships in public listed companies in the past three years.



Mr Davis has held senior positions including Chief Mine Geologist, Exploration Manager and Regional Manager for Asarco. In recent years Mr Davis has been responsible for instigating and managing mineral exploration activities for Asarco and for acquiring projects held by Gold Road.

Mr Davis holds a Bachelor of Science with Honours from the University of Queensland, a Graduate Diploma of Applied Finance and Investment from the Securities Institute of Australia and an MBA from Deakin University. Mr Davis is a Member of the Australasian Institute of Mining and Metallurgy and a fellow of the Financial Services Institute of Australasia.

Mr Davis is 53 years of age.

#### **KEVIN R HART – B Com, FCA**

*Company Secretary, Non-Executive Director*

Mr Hart is a Chartered Accountant and was appointed to the position of Company Secretary on 4 August 2006 and Non-Executive director on 17 May 2007. He has over 20 years experience in accounting and the management and administration of public listed entities in the mining and exploration industry.

He is currently a partner of Endeavour Corporate, an advisory firm which specialises in the provision of Company Secretarial services to ASX listed entities. Mr Hart currently also serves on the board of Alloy Resources Limited and did not hold any other directorships in public listed companies in the past three years. Mr Hart holds a Bachelor of Commerce degree from the University of Western Australia.

Mr Hart is 49 years of age.

#### **MARTIN PYLE – BSc (First Class Hons – Geology), MBA**

*Non-Executive Director*

Mr Pyle was appointed on 22 June 2010 as Non-executive Director. Mr Pyle, a mining industry consultant holds a Bachelor of Science (First Class Honours – Geology) and MBA.

Mr Pyle has a broad range of experience gained over 24 years in the resources industry in Australia. His roles have included positions as Corporate Finance Executive with prominent East and West Coast broking firms. During this time he was responsible for the generation and execution of resources related equity raisings, mergers & acquisitions, corporate advisory and research. Most recently he has provided corporate advisory services to a number of junior resource companies and is Chairman of Syndicated Metals Limited and Midwinter Resources Limited; Managing Director of Aurora Minerals Limited and Executive Director of Desert Energy Limited. Other than the above, in the three years immediately prior to the end of the financial year, Mr Pyle also served as a director of Nickelore Limited (24 August 2009 to 15 October 2009).

Mr Pyle is 46 years of age.

#### **Directors' Interests**

As at the date of this report the Directors' interests in shares and unlisted options of the Company are as follows:

Director	Directors' Interests in Ordinary Shares	Directors' Interests in Listed Options*	Directors' Interests in Unlisted Options
I Murray	11,135,000	Nil	6,000,000
R Davis	7,714,211	Nil	1,500,000
K Hart	Nil	Nil	1,500,000
M Pyle	2,000,000	Nil	800,000
Z Lubieniecki	1,101,000	Nil	3,800,000

\*Listed Options exercisable at 7 cents each expired at 30 June 2011.

# Directors' Report continued

## Directors' Meetings

The number of meetings of the Company's Directors held during the year ended 30 June 2011 and the number of meetings attended by each Director were:

Director	Board of Directors' Meetings	
	Eligible to attend	Attended
I Murray	4	4
R Davis	4	4
K Hart	4	4
M Pyle	4	4
Z Lubieniecki	4	4

## Principal Activities

The principal activities of the company during the financial year consisted of mineral exploration in Western Australia.

There were no significant changes in these activities during the financial year.

## Results Of Operations

The net loss after income tax for the financial year was \$3,029,931 (2010: \$2,057,357).

Included in the loss for the current year is a write-off of capitalised exploration and evaluation expenditure totalling \$404,490 (2010: \$866,719).

## Dividends

No dividend has been paid since the end of the previous financial year and no dividend is recommended for the current year. No dividend was paid during the previous financial year.

## Review Of Activities

### **Exploration**

A detailed review of the Company's activities during the financial year is set out in the section titled "Review of Operations" in this Report.

### **Financial position**

At the end of the financial year the Company had \$9,685,631 (2010: \$1,769,715) in cash and at call deposits. Capitalised mineral exploration and evaluation expenditure is \$10,801,313 (2010: \$5,144,613). Mineral exploration and evaluation expenditure incurred during the year for the Company before any write-offs was \$6,061,190 (2010: \$2,523,736).

Expenditure was principally focused on the Company's Yamarna Projects.

## Significant Changes In The State Of Affairs

- On 16 August 2010 the Company completed a Placement that raised \$2,465,000, before capital raising costs, from the issue of 29,000,000 ordinary shares at 8.5 cents each.
- The Company obtained shareholder approval to change its name from Eleckra Mines Limited to Gold Road Resources Limited at the Annual General Meeting held on 29 November 2010.
- On 10 December 2010 the Company completed a Placement that raised \$9,010,000, before capital raising costs, from the issue of 26,500,000 ordinary shares at 34 cents each.
- During the period October 2010 to 30 June 2011 the Company issued 51,431,958 shares at 7 cents each upon the exercise of listed options at 7 cents each.



## Options Over Unissued Capital

### **Listed options**

During the financial year 57,044,202 listed options exercisable at 7 cents each have been exercised and the balance of 110,802 options expired unexercised at 30 June 2011.

### **Unlisted options**

During the financial year 7,319,000 unlisted options over unissued shares were issued. The Company issued 8,700,000 shares pursuant to the exercise of options during the financial year and to the date of this report.

As at the date of this report unissued ordinary shares of the Company under unlisted options are:

Number of Options Granted	Exercise Price	Expiry Date
5,200,000	37 cents	30 November 2012
733,334	9.5 cents	30 September 2015
733,334	10.7 cents	30 September 2015
733,332	12.8 cents	30 September 2015
1,000,000	18.5 cents	30 May 2013
1,000,000	22 cents	30 May 2013
1,000,000	26 cents	30 May 2013
400,000	15 cents	31 December 2012
700,000	10 cents	30 June 2014
600,000	15 cents	30 June 2014
300,000	17 cents	31 May 2013
3,500,000	61.5 cents	31 October 2014
1,000,000	97.5 cents	30 April 2015
119,000	70.5 cents	31 May 2015

These unlisted options do not entitle the holder to participate in any share issue of the Company or any other body corporate.

The holders of unlisted options are not entitled to any voting rights until the options are exercised into ordinary shares.

### **Matters Subsequent to the End of the Financial Year**

There has not arisen in the interval between the end of the period and the date of this report any 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 Company, the results of those operations or the state of affairs of the Company in subsequent financial years.

### **Likely Developments and Expected Results of Operations**

Likely developments in the operations of the Company are included elsewhere in this Report. Disclosure of any further information has not been included in this report because, in the reasonable opinion of the Directors to do so would be likely to prejudice the business activities of the Company and is dependent upon the results of the future exploration and evaluation activities.

### **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 have been undertaken in compliance with all relevant environmental regulations.

# Directors' Report continued

## Remuneration Report (Audited)

### Remuneration policy

Remuneration levels are competitively set to attract and retain appropriately qualified and experienced Directors and senior executives. Remuneration packages include fixed remuneration with bonuses or equity based remuneration entirely at the discretion of the Board based on the performance of the Company.

Total cash remuneration for all Non-Executive Directors was voted on by shareholders, whereby it is not to exceed in aggregate \$200,000 per annum. Non-Executive Directors do not receive bonuses. Directors' fees cover all main Board activities.

At the date of this report the Company has not entered into any agreements with Directors or senior executives which include performance based components, nor is there any provision for issuing securities to Directors or senior executives.

### Details of remuneration for Directors and Executive Officers

During the year there were no senior executives who were employed by the Company for whom disclosure is required except for:

- Mr Ziggy Lubieniecki (Appointed General Manager 1 August 2009. Appointed an Executive Director on 13 December 2010).

Details of the remuneration of each Director and executive of the company are as follows:

#### YEAR 2011

Directors/ Executives	Salaries & Fees \$	Superannuation Contributions \$	Other Benefits \$	Value of Options \$	Total \$	Performance Related %	Remuneration consisting of options %
I Murray	290,200	–	2,705	388,372	681,277	57	57
R Davis	45,000	–	2,705	86,881	134,586	65	65
K Hart	45,000	–	2,705	86,881	134,586	65	65
M Pyle	45,368	762	2,705	86,881	135,716	64	64
Z Lubieniecki*	227,168	19,035	–	317,235	563,438	60	57
<b>Total</b>	<b>652,736</b>	<b>19,797</b>	<b>10,820</b>	<b>966,250</b>	<b>1,649,603</b>		

\*Salaries and fees includes a bonus of \$15,667.

#### YEAR 2010

Directors/ Executives	Salaries & Fees \$	Superannuation Contributions \$	Other Benefits \$	Value of Options \$	Total \$	Performance Related %	Remuneration consisting of options %
I Murray	235,784	–	3,275	97,383	336,442	29	29
R Davis	44,583	–	3,275	–	47,858	–	–
K Hart	44,583	–	3,275	–	47,858	–	–
M Pyle	29,650	–	–	–	29,650	–	–
Z Lubieniecki	203,016	16,920	–	29,576	249,512	12	12
<b>Total</b>	<b>557,616</b>	<b>16,920</b>	<b>9,825</b>	<b>126,959</b>	<b>711,320</b>		

### **Executive employment agreements**

Remuneration and other terms of employment for the Executive Chairman and directors are set out in their Executive Employment Agreements. Major provisions are as follows:

#### **Ian Murray – Executive Chairman**

- Appointed 15 October 2007; and
- Base salary of \$55,000 per annum from 1 August 2009 as Chairman plus \$1,200 per day for executive duties.

#### **Ziggy Lubieniecki – Executive Director**

- Appointed as Executive Director commencing on 13 December 2010; and
- Total remuneration package set at \$235,000 per annum plus statutory superannuation.
- Employment may be terminated by no less than six months notice in writing. Forfeiture or payment of six month salary as the case may be, may be made or given in lieu of notice

### **Additional Services**

During the year the following non-executive directors provided additional services to the Company.

#### **Kevin Hart – Company Secretary & Non-Executive Director**

Has an interest as a Partner in a Chartered Accounting firm, Endeavour Corporate. This firm provided company secretarial and accounting services to the Company in the ordinary course of business. The value of transactions in the financial year ending 30 June 2011 amounted to \$141,830. Terms and conditions were not more favourable than those available, or which might reasonably be expected to be available for a similar transaction to unrelated parties on an arm's length basis.

#### **Martin Pyle – Non-Executive Director**

Has an interest in Martin Pyle Consulting Pty Ltd that provided corporate advisory services to the Company in the ordinary course of business. The value of transactions in the financial year ended 30 June 2011 amounted to \$36,904. Terms and conditions were not more favourable than those available, or which might reasonably be expected to be available for a similar transaction to unrelated parties on an arm's length basis.

### **Option holdings**

The number of options over ordinary shares in the Company held during the financial year by each director and executive of Gold Road is set out below.

#### **YEAR 2011**

<b>Directors/ Executives</b>	<b>Balance at start of the year</b>	<b>Granted during the year</b>	<b>Exercised during the year</b>	<b>Other changes during the year</b>	<b>Balance at the end of the year</b>	<b>Vested and exercisable at the end of the year</b>	<b>% Vested</b>
I Murray	8,027,000	2,000,000	(4,027,000)	–	6,000,000	5,000,000	83%
R Davis	5,565,000	500,000	(4,565,000)	–	1,500,000	1,500,000	100%
K Hart	1,000,000	500,000	–	–	1,500,000	1,500,000	100%
M Pyle	800,000	500,000	(500,000)	–	800,000	800,000	100%
Z Lubieniecki	3,100,000	2,000,000	(1,300,000)	–	3,800,000	2,200,000	58%

#### **YEAR 2010**

<b>Directors/ Executives</b>	<b>Balance at start of the year</b>	<b>Granted during the year</b>	<b>Exercised during the year</b>	<b>Other changes during the year</b>	<b>Balance at the end of the year</b>	<b>Vested and exercisable at the end of the year</b>	<b>% Vested</b>
I Murray	8,027,000	–	–	–	8,027,000	6,027,000	75%
R Davis	5,565,000	–	–	–	5,565,000	5,565,000	100%
K Hart	1,000,000	–	–	–	1,000,000	1,000,000	100%
M Pyle	800,000	–	–	–	800,000	800,000	100%
Z Lubieniecki	3,100,000	–	–	–	3,100,000	1,200,000	39%



# Directors' Report continued

## Terms and conditions for each grant

### YEAR 2011

Directors/ Executives	Granted No.	Grant Date	Fair value at grant date	Exercise price per option	Expiry date	First exercise date	Last exercise date
Z Lubieniecki	333,333	17 Sep 2010	6.81 cents	9.5 cents	30 Sep 2015	30 Sep 2011	30 Sep 2015
Z Lubieniecki	333,333	17 Sep 2010	6.71 cents	10.7 cents	30 Sep 2015	30 Sep 2012	30 Sep 2015
Z Lubieniecki	333,334	17 Sep 2010	6.54 cents	12.8 cents	30 Sep 2015	30 Sep 2013	30 Sep 2015
I Murray	2,000,000	30 Nov 2010	17.38 cents	61.5 cents	31 Oct 2014	30 Nov 2010	31 Oct 2014
R Davis	500,000	30 Nov 2010	17.38 cents	61.5 cents	31 Oct 2014	30 Nov 2010	31 Oct 2014
K Hart	500,000	30 Nov 2010	17.38 cents	61.5 cents	31 Oct 2014	30 Nov 2010	31 Oct 2014
M Pyle	500,000	30 Nov 2010	17.38 cents	61.5 cents	31 Oct 2014	30 Nov 2010	31 Oct 2014
Z Lubieniecki	1,000,000	27 Apr 2011	27.24 cents	97.5 cents	30 Apr 2015	13 May 2011	30 Apr 2015

### YEAR 2010

Directors/ Executives	Granted No.	Grant Date	Fair value at grant date	Exercise price per option	Expiry date	First exercise date	Last exercise date
M Pyle	300,000	31 May 2010	8.8 cents	17 cents	31 May 2013	31 May 2010	30 May 2013

## Options granted as part of remuneration during the year

Directors	Value of options granted during the year \$	Vested during the year %	Value of options exercised during the year \$	Value of options lapsed during the year \$
I Murray	347,522	100	–	–
R Davis	86,881	100	–	–
K Hart	86,881	100	–	–
M Pyle	86,881	100	–	–
Z Lubieniecki	339,263	50	–	–

## Share holdings

The number of shares in the Company held during the financial year by each director of Gold Road and other key management personnel of the Company, including their personally related parties are set out below. There were no shares granted during the reporting period as compensation.

### YEAR 2011

Directors	Balance at start of the year	Received during the year on exercise of options	Other changes during the year	Balance at the end of the year
I Murray	8,108,000	4,027,000	(1,000,000)	11,135,000
R Davis	6,260,000	4,565,000	(2,750,000)	8,075,000
K Hart	–	–	–	–
M Pyle	1,500,000	500,000	–	2,000,000
Z Lubieniecki	1,200,000	1,300,000	(1,399,000)	1,101,000

## YEAR 2010

Directors	Balance at start of the year	Received during the year on exercise of options	Other changes during the year	Balance at the end of the year
I Murray	8,108,000	–	–	8,108,000
R Davis	6,260,000	–	–	6,260,000
K Hart	–	–	–	–
M Pyle	1,500,000	–	–	1,500,000
Z Lubieniecki	1,200,000	–	–	1,200,000

### ***Loans made to key management personnel***

No loans were made to any director of Gold Road or any other key personnel, including personally related entities during the reporting period.

### ***Other transactions with key management personnel***

Mr Kevin Hart has an interest as a Partner in a Chartered Accounting firm, Endeavour Corporate. This firm provided company secretarial and accounting services to the Company in the ordinary course of business. The value of transactions in the financial year ended 30 June 2011 amounted to \$141,830 (2010: \$114,380).

During the year, Martin Pyle Consulting, a company controlled by Mr Martin Pyle, provided corporate and strategic advice services to the company. The value of transactions in the financial year ended 30 June 2011 amounted to \$36,904 (2010: \$29,650).

Terms and conditions were not more favourable than those available, or which might reasonably be expected to be available for a similar transaction to unrelated parties on an arms-length basis.

## **THIS IS THE END OF THE REMUNERATION REPORT.**

### **officer's Indemnities and Insurance**

Subsequent to the end of the 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.

The Company has not provided any insurance for an auditor of the Company.

### **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.

### **Corporate Governance**

In recognising the need for the highest standards of corporate behaviour and accountability, the Directors of the Company support and have adhered to the principles of corporate governance. The Company's Corporate Governance Statement is contained in this report.

# Directors' Report continued

## Non-Audit Services

The Company's auditor, Stantons International, did not provide any non-audit services during the year.

Total remuneration paid to Stantons International during the financial year:

	<b>2011</b>	2010
	<b>\$</b>	\$
Audit and review of the Company's financial statements	<b>20,118</b>	30,104

A copy of the Auditor's Independence Declaration as required under Section 307C of the Corporations Act is set out on page 33.

## Auditor

Stantons International continues in office in accordance with section 327 of the Corporations Act 2001.

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

DATED at Perth this 27<sup>th</sup> day of September 2011.



**Ian Murray**  
Executive Chairman



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Stantons International Audit and Consulting Pty Ltd  
(ABN 84 144 581 519) trading as

**Stantons International**  
Chartered Accountants and Consultants

27 September 2011

Board of Directors  
Gold Road Resources Limited  
22 Altona Street  
West Perth WA 6005

Dear Sirs

**RE: GOLD ROAD RESOURCES LIMITED**

In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the directors of Gold Road Resources Limited.

As Audit Director for the audit of the financial statements of Gold Road Resources Limited for the year ended 30 June 2011, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and
- (ii) any applicable code of professional conduct in relation to the audit.

Yours faithfully

**STANTONS INTERNATIONAL AUDIT AND CONSULTING PTY LTD**  
**(Trading as Stantons International)**  
**(An Authorised Audit Company)**



**J P Van Dieren**  
Director

# Statement of Comprehensive Income

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2011

	Note	30 June 2011 \$	30 June 2010 \$
Revenue	6	<b>384,382</b>	92,413
<b>Total revenue</b>		<b>384,382</b>	92,413
Employee expenses		<b>(834,752)</b>	(375,407)
Employee expenses recharged to exploration		<b>740,259</b>	355,934
Equity based remuneration expense	19	<b>(1,068,632)</b>	(229,269)
Director's fees		<b>(148,648)</b>	(143,750)
Depreciation expense	7	<b>(95,738)</b>	(29,898)
Accounting and advisory expenses		<b>(744,277)</b>	(441,072)
Compliance costs		<b>(212,311)</b>	(97,258)
Operating lease expenses		<b>(77,845)</b>	(62,166)
Legal costs		<b>(32,383)</b>	(40,285)
Insurance		<b>(27,332)</b>	(24,589)
Travel expenses		<b>(245,243)</b>	(71,012)
Advertising		<b>(179,042)</b>	(24,622)
Recruitment expenses		<b>(195,048)</b>	–
Office expenses		<b>(148,621)</b>	(74,635)
Other expenses from ordinary activities		<b>(57,754)</b>	(25,022)
Exploration costs written off and expensed	15	<b>(404,490)</b>	(866,719)
<b>Loss before income tax</b>		<b>(3,347,475)</b>	(2,057,357)
Income tax (expense)/benefit	8	<b>317,544</b>	–
<b>Loss for the year</b>	20(b)	<b>(3,029,931)</b>	(2,057,357)
Other comprehensive income for the year		–	–
<b>Total comprehensive loss for the year attributed to members of the Company</b>		<b>(3,029,931)</b>	(2,057,357)
		<b>Cents</b>	Cents
Basic loss per share (cents)	30	<b>(1.21)</b>	(1.12)
Diluted loss per share (cents)	30	<b>(1.21)</b>	(1.12)

The above statement of comprehensive income should be read in conjunction with the accompanying notes.

# Statement of Financial Position

AS AT 30 JUNE 2011

	Note	30 June 2011 \$	30 June 2010 \$
<b>Current assets</b>			
Cash and cash equivalents	9	9,685,631	1,769,715
Trade and other receivables	10	791,466	30,213
Prepayments	11	11,478	4,462
<b>Total current assets</b>		<b>10,488,575</b>	1,804,390
<b>Non-current assets</b>			
Property, plant and equipment	12	1,183,014	262,702
Investment in subsidiary	13	598	598
Other financial assets	14	68,227	–
Capitalised mineral exploration and evaluation expenditure	15	10,801,313	5,144,613
<b>Total non-current assets</b>		<b>12,053,152</b>	5,407,913
<b>Total assets</b>		<b>22,541,727</b>	7,212,303
<b>Current liabilities</b>			
Trade and other payables	16	1,271,002	503,622
Provisions	17	60,183	15,016
<b>Total current liabilities</b>		<b>1,331,185</b>	518,638
<b>Total liabilities</b>		<b>1,331,185</b>	518,638
<b>Net assets</b>		<b>21,210,542</b>	6,693,665
<b>Equity</b>			
Contributed equity	18(b)	31,227,681	15,142,361
Shares to be issued	18(d)	392,856	–
Equity remuneration reserve	20(a)	2,237,603	1,168,971
Accumulated losses	20(b)	(12,647,598)	(9,617,667)
<b>Total equity</b>		<b>21,210,542</b>	6,693,665

The above statement of financial position should be read in conjunction with the accompanying notes.



# Statement of Changes in Equity

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2011

	Ordinary Shares \$	Accumulated losses \$	Equity Remuneration Reserve \$	Total \$
<b>Balance as at 1 July 2010</b>	<b>15,142,361</b>	<b>(9,617,667)</b>	<b>1,168,971</b>	<b>6,693,665</b>
Loss for the year	–	<b>(3,029,931)</b>	–	<b>(3,029,931)</b>
Other comprehensive income for the year	–	–	–	–
Total comprehensive loss for the year	–	<b>(3,029,931)</b>	–	<b>(3,029,931)</b>
Movement in equity remuneration reserve	–	–	<b>1,068,632</b>	<b>1,068,632</b>
Transactions with equity holders in their capacity as equity holders:				
Contributions of equity	<b>16,749,237</b>	–	–	<b>16,749,237</b>
Transaction costs of equity issued	<b>(663,917)</b>	–	–	<b>(663,917)</b>
Shares to be issued	<b>392,856</b>	–	–	<b>392,856</b>
<b>Balance at 30 June 2011</b>	<b>31,620,537</b>	<b>(12,647,598)</b>	<b>2,237,603</b>	<b>21,210,542</b>
<b>Balance as at 1 July 2009</b>	12,607,387	(7,560,310)	939,702	5,986,779
Loss for the year	–	(2,057,357)	–	(2,057,357)
Other comprehensive income for the year	–	–	–	–
Total comprehensive loss for the year	–	(2,057,357)	–	(2,057,357)
Movement in equity remuneration reserve	–	–	229,269	229,269
Transactions with equity holders in their capacity as equity holders:				
Contributions of equity	2,670,500	–	–	2,670,500
Transaction costs of equity issued	(135,526)	–	–	(135,526)
<b>Balance at 30 June 2010</b>	15,142,361	(9,617,667)	1,168,971	6,693,665

The above statement of changes in equity should be read in conjunction with the accompanying notes.

# Statement of Cash Flows

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2011

	Note	30 June 2011 \$	30 June 2010 \$
<b>Cash flows from operating activities</b>			
Interest received		363,933	77,672
Payments to suppliers and employees		(2,026,639)	(945,216)
<b>Net cash flows (used in) operating activities</b>	29	<b>(1,662,706)</b>	<b>(867,544)</b>
<b>Cash flows from investing activities</b>			
Payments for exploration and evaluation		(5,640,129)	(2,129,258)
Payments for plant and equipment		(1,016,050)	(123,132)
Payments for security deposits		(103,228)	–
<b>Net cash flows (used in) investing activities</b>		<b>(6,759,407)</b>	<b>(2,252,390)</b>
<b>Cash flows from financing activities</b>			
Proceeds from issue of shares		17,001,947	2,670,500
Transaction costs on issue of shares		(663,918)	(135,526)
<b>Net cash flows from financing activities</b>		<b>16,338,029</b>	<b>2,534,974</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>7,915,916</b>	<b>(584,960)</b>
<b>Cash and cash equivalents at the beginning of the financial year</b>		<b>1,769,715</b>	<b>2,354,675</b>
<b>Cash and cash equivalents at the end of the financial year</b>	9	<b>9,685,631</b>	<b>1,769,715</b>

The above statement of cash flows should be read in conjunction with the accompanying notes.

# Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2011

## Note 1 Basis of preparation of the financial report

The following is a summary of the significant accounting policies adopted by Gold Road in the preparation of these financial statements. These policies have been consistently applied to all years presented, unless otherwise stated.

### (a) Statement of compliance

The financial report is a general purpose financial report which has been prepared in accordance with Australian Accounting Standards (AASB) and the Corporations Act 2001. The financial report also complies with the IFRS and interpretations adopted by the International Accounting Standards Board.

### (b) Adoption of new and revised Accounting Standards

During the year, certain accounting policies have changed as a result of new or revised accounting standards which became operative for the annual reporting period commencing on 1 July 2010.

The affected policies and standards, relevant to the Company are:

- AASB 2009-5 Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project (AASB 5, 8, 101, 107, 117, 118, 136 and 139)
- AASB 2010-3 Amendments to Australian Accounting Standards arising from the Annual Improvements Project (AASB 3, 7, 121, 128, 131, 132 and 139)
- AASB Interpretation 19 Extinguishing Financial Liabilities with Equity Instruments and AASB 2009-13 Amendments to Australian Accounting Standards arising from Interpretation 19.

The adoption of these standards did not have any impact in the current period or any prior period and is unlikely to affect future periods.

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2011 reporting periods. The Company's assessment of the impact of these new standards and interpretations is set out below.

- AASB 9 Financial Instruments, AASB 2009-11 Amendments to Australian Accounting Standards arising from AASB 9 and AASB 2010-7 Amendments to Australian Accounting Standards arising from AASB 9 (December 2010) (effective from 1 January 2013)

AASB 9 Financial Instruments addresses the classification, measurement and derecognition of financial assets and financial liabilities. The standard is not applicable until 1 January 2013 but is available for early adoption. When adopted, the standard is not expected to impact on the Company's accounting for financial assets as it does not have any available for sale assets other than equity investments. There will be no impact on the Company's accounting for financial liabilities, as the new requirements only affect the accounting for financial liabilities that are designated at fair value through profit or loss and the group does not have any such liabilities. The Company has decided not to early adopt AASB 9.

- Revised AASB 124 Related Party Disclosures and AASB 2009-12 Amendments to Australian Accounting Standards (effective from 1 January 2011)

In December 2009 the AASB issued a revised AASB 124 Related Party Disclosures. It is effective for accounting periods beginning on or after 1 January 2011 and must be applied retrospectively. The amendment clarifies and simplifies the definition of a related party. The Company will apply the amended standard from 1 July 2011. When the amendments are applied, the Company will need to disclose any transactions between its subsidiaries and its associates. However, there will be no impact on any of the amounts recognised in the financial statements.

- AASB 1053 Application of Tiers of Australian Accounting Standards and AASB 2010-2 Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements (effective from 1 July 2013)

On 30 June 2010 the AASB officially introduced a revised differential reporting framework in Australia. Under this framework, a two-tier differential reporting regime applies to all entities that prepare general purpose financial statements. Gold Road Resources Limited is listed on the ASX and is not eligible to adopt the new Australian Accounting Standards – Reduced Disclosure Requirements. The two standards will therefore have no impact on the financial statements of the entity.



## Note 1 Basis of preparation of the financial report *continued*

### **(c) Report basis and conventions**

These financial statements have been prepared under the historical cost convention, and on an accruals basis.

### **(d) Critical accounting estimates**

The preparation of financial statements in conformity with AIFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 4.

### **(e) Going concern**

The financial statements have been prepared on a going concern basis which contemplates the continuity of normal business activities and the realization of assets and discharge of liabilities in the ordinary course of business. The ability of the Company to continue to adopt the going concern assumption will depend on future successful capital raisings, the successful exploration and subsequent exploitation of the Company's tenements and/or sale of non-core assets. The Directors are confident of securing funds if and when necessary to meet the Company's obligations as and when they fall due.

## Note 2 Summary of significant accounting policies

The principal accounting policies adopted in the preparation of the financial report are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

### **(a) Basis of consolidation**

The consolidated financial statements incorporate the assets, liabilities and results of entities controlled by Gold Road at the end of the reporting period. A controlled entity is any entity over which Gold Road has the power to govern the financial and operating policies so as to obtain benefits from the entity's activities. Control will generally exist when the parent owns, directly or indirectly through subsidiaries, more than half of the voting power of an entity. In assessing the power to govern, the existence and effect of holdings of actual and potential voting rights are also considered.

Where controlled entities have entered or left the Company during the year, the financial performance of those entities are included only for the period they were controlled.

Intra-group balances and transactions are eliminated in preparing the consolidated financial statements. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with those adopted by the parent entity.

Non-controlling interests, being the equity in a subsidiary not attributable, directly or indirectly, to a parent, are shown separately within the Equity section of the statement of financial position and statement of comprehensive income. The non-controlling interests in the net assets comprise their interests at the date of the original business combination and their share of equity since that date.

In the Company's financial statements, investments in subsidiaries are carried at cost. Consolidated financial statements have not been prepared as disclosed in note 13.

### **(b) Segment reporting**

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

### **(c) Revenue recognition and receivables**

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of returns, allowances and amounts collectable on behalf of third parties.

#### *Interest income*

Interest income is recognised on a time proportion basis and is recognised as it accrues.

# Notes to the Financial Statements continued

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2011

## Note 2 Summary of significant accounting policies continued

### **(d) Income tax**

The income tax expense or revenue for the period is the tax payable 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.

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.

### **(e) Leases**

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases (note 26). Payments made under operating leases (net of any incentives received from the lessor) are charged to the statement of comprehensive income on a straight line basis over the period of the lease. Leases in terms of which the Company assumes substantially all the risks and rewards of ownership are classified as finance leases. Upon initial recognition the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to the asset.

### **(f) Impairment of assets**

Assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash generating units). Non-financial assets, other than goodwill, that suffered an impairment, are reviewed for possible reversal of the impairment at each reporting date.

### **(g) Cash and cash equivalents**

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 with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the statement of financial position.

### **(h) Fair value estimation**

The nominal value less estimated credit adjustments of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the company for similar financial instruments.

## Note 2 Summary of significant accounting policies *continued*

### **(i) Property, plant and equipment**

Property, plant and equipment are 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 company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the statement of comprehensive income 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:

Office equipment	5-7 years
Office furniture	10-15 years
Field equipment	10 years
Computer equipment	2-3 years
Vehicles	8 years
Buildings	5 years

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 (note 2(f)).

### **(j) Mineral exploration and evaluation expenditure**

Mineral exploration and evaluation expenditure incurred is accumulated in respect of each identifiable area of interest. These costs are carried forward only if they relate to an area of interest for which rights of tenure are current and in respect of which:

- such costs are expected to be recouped through the successful development and exploitation of the area of interest, or alternatively by its sale; or
- exploration and/or evaluation activities in the area have not reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves and active or significant operations in, or in relation to, the area of interest are continuing.

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 off in the year in which that assessment is made. A regular review is undertaken of each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest.

### **(k) Joint ventures**

Interests in joint ventures are brought to account by including the appropriate share of the relevant assets, liabilities and costs of the joint ventures in their relevant categories in the financial statements.

### **(l) Trade and other payables**

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

### **(m) Employee benefits**

#### **(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.

# Notes to the Financial Statements continued

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2011

## Note 2 Summary of significant accounting policies continued

### **(m) Employee benefits** continued

#### *(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 using the projected unit credit method. 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) Share-based payments*

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

The fair value at grant date is independently determined using a Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, 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 option.

The grant date fair value of options 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 option. The amount recognised as an expense is adjusted to reflect the actual number of share options that vest, except for those that fail to vest due to market conditions not being met.

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

Upon the exercise of options, the balance of the share based payments reserve relating to those options is transferred to share capital and the proceeds received, net of any directly attributable transaction costs, are credited to share capital.

### **(n) Contributed equity**

Ordinary shares are classified as equity.

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

### **(o) Earnings per share**

#### *(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 financial year, adjusted for bonus elements in ordinary shares issued during the year.

#### *(i) 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.

### **(p) Goods and service tax (GST)**

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of acquisition of the asset or as a part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to, the taxation authority, are presented as operating cash flow.



### Note 3 Financial risk management

the Company has exposure to a variety of risks arising from its use of financial instruments. This note presents information about the Company's exposure to the specific risks, and the policies and processes for measuring and managing those risks. Further quantitative disclosures are included throughout this financial report. The Board of Directors has overall responsibility for the risk management framework.

#### **(a) Credit risk**

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from transactions with customers and investments.

##### *(i) Trade and other receivables*

The Company has no investments and the nature of the business activity does not result in trade receivables. The receivables that the Company recognises through its normal course of business are short term in nature and the most significant (in quantity) is the receivable from the Australian Taxation Office and interest receivable. The risk of non recovery of receivables from this source is considered to be negligible.

##### *(ii) Cash deposits*

The Company's primary banker is Westpac Bank, at reporting date all operating accounts and funds held on deposit are with this bank. The Directors believe any risk associated with the use of only one bank is mitigated by their size and reputation. Except for this matter the Company currently has no significant concentrations of credit risk.

#### **(b) Liquidity risk**

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

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

#### **(c) Market risk**

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Company'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) Currency risk*

The Company is not exposed to any currency risk as it only transacts in the functional currency of the Company, the Australian dollar (**AUD**).

##### *(ii) Interest rate risk*

As the Company has significant interest bearing assets, the Company's income and operating cash flows are exposed to changes in market interest rates. The assets are short term interest bearing deposits, and no financial instruments are employed to mitigate risk. (Note 21 – Financial Instruments).

#### **(d) Capital management**

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Board of Directors monitors capital expenditure and cash flows as mentioned in 3(b).

# Notes to the Financial Statements continued

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2011

## Note 4 Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the Company and that are believed to be reasonable under the circumstances.

### (a) Accounting for capitalised exploration and evaluation expenditure

The Company's accounting policy is stated at 2(j). There is some subjectivity involved in the carrying forward as capitalised or writing off to the statement of comprehensive income exploration and evaluation expenditure, however management give due consideration to areas of interest on a regular basis and are confident that decisions to either write off or carry forward such expenditure reflect fairly the prevailing situation.

### (b) Accounting for share-based payments

The Company's accounting policy is stated at 2(m). The value of these option payments are based on reasonable estimates using a recognised option pricing model.

### (c) Deferred taxation

Deferred tax assets are recognised for deductible temporary differences when management considers that it is probable that future taxable profits will be available to utilise those temporary differences.

## Note 5 Segment information

The Company operates predominantly in the mineral exploration industry in Australia. For management purposes, the Company is organised into one main operating segment which involves the exploration of minerals in Australia. All of the Company's activities are interrelated and discrete financial information is reported to the Board (Chief Operating Decision Maker) as a single segment. Accordingly, all significant operating decisions are based upon analysis of the Company as one segment. The financial results from this segment are equivalent to the financial statements of the Company as a whole.

	2011 \$	2010 \$
<b>Note 6 Revenue and other income</b>		
<i>Other revenue</i>		
Interest received	<b>384,382</b>	77,672

## Note 7 Expenses

Loss before income tax includes the following specific expenses:

### Depreciation:

Plant and equipment	<b>22,644</b>	13,272
Office equipment	<b>13,201</b>	7,985
Vehicles	<b>10,598</b>	5,073
Camp buildings	<b>49,295</b>	3,568
Legal expenses	<b>32,383</b>	40,285
Exploration expenditure written off and expensed	<b>404,490</b>	866,719

## Note 8 Income tax

### (a) Income tax expense/(benefit)

#### Current income tax:

Current income tax benefit	(2,414,454)	(1,086,222)
Current income tax benefit not recognised	1,004,242	617,207
Research and development tax concession refund	(317,544)	–

#### Deferred income tax:

Relating to deductible and taxable temporary differences	1,410,212	469,015
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Income tax benefit reported in the statement of comprehensive income

(317,544)	–
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### (b) Reconciliation of prima facie tax (benefit)

Loss before income tax	(3,347,475)	(2,057,357)
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Tax at Australian rate of 30% (2010 – 30%)	(1,004,243)	(617,207)
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#### Tax effect:

Non-deductible accrued expenses	–	1,050
Non-deductible leave provisions	15,508	4,505
Non-deductible legal costs	9,715	12,085
Non-deductible share based payment	320,590	68,781
Non-deductible entertainment	3,225	1,314
Accrued interest income	6,124	–
Capital raising costs	(58,463)	(59,645)
Exploration costs	(1,706,910)	(497,105)
Research and development tax concession refund	(317,544)	–
Deferred tax benefit not brought to account	2,414,454	1,086,222

Income tax (benefit)	(317,544)	–
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### (c) Deferred tax – Statement of Financial Position

#### Assets:

Tax losses available utilised to offset deferred tax liabilities	3,033,731	1,471,805
Accrued expenses	4,200	5,250
Leave provisions	18,055	4,505
Equity raising costs	203,875	63,163

3,259,861	1,544,723
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#### Liabilities:

Accrued income	(9,567)	(1,339)
Exploration expenditure	(3,250,294)	(1,543,384)

(3,259,861)	(1,544,723)
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Net deferred tax asset

–	–
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### (d) Unrecognised deferred tax assets

Deferred tax assets have not been recognised in respect of the following items:

Tax losses	2,954,953	2,090,978
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Deferred tax assets have not been recognised in respect of these items because it is not probable in the short to medium term that these assets will be realised. The Company has total estimated tax losses at 30 June 2011 of \$19,962,282 (2010: \$11,914,100)

# Notes to the Financial Statements continued

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2011

	2011 \$	2010 \$
<b>Note 9 Current assets – cash and cash equivalents</b>		
Cash at bank and on hand	<b>9,685,631</b>	1,769,715
These balances attract a weighted average interest rate of 5.50% (2010: 4.80%).		
<b>Note 10 Current assets – trade and other receivables</b>		
Research and development tax concession refund	<b>317,544</b>	–
GST recoverable	<b>249,540</b>	5,213
Options exercised receivable	<b>140,147</b>	–
Security deposit	<b>60,000</b>	25,000
Interest receivable	<b>20,413</b>	–
Other receivables	<b>3,822</b>	–
	<b>791,466</b>	30,213
<b>Note 11 Current assets – prepayments</b>		
Prepaid expenses	<b>11,478</b>	4,462
<b>Note 12 Non-current assets – property, plant and equipment</b>		
<i>Plant and equipment</i>		
At cost	<b>365,624</b>	131,670
Accumulated depreciation	<b>(53,348)</b>	(30,704)
	<b>312,276</b>	100,966
<i>Office equipment</i>		
At cost	<b>133,547</b>	87,440
Accumulated depreciation	<b>(67,086)</b>	(53,885)
	<b>66,461</b>	33,555
<i>Motor vehicles</i>		
At cost	<b>269,147</b>	40,584
Accumulated depreciation	<b>(26,475)</b>	(15,877)
	<b>242,672</b>	24,707
<i>Camp buildings</i>		
At cost	<b>614,468</b>	107,042
Accumulated depreciation	<b>(52,863)</b>	(3,568)
	<b>561,605</b>	103,474
	<b>1,183,014</b>	262,702



	2011 \$	2010 \$
<b>Note 12 Non-current assets – property, plant and equipment</b> <i>continued</i>		
<b>Reconciliation</b>		
<i>Plant and equipment</i>		
Net book value at start of the year	<b>100,966</b>	114,238
Additions	<b>233,954</b>	–
Depreciation	<b>(22,644)</b>	(13,272)
Net book value at end of the year	<b>312,276</b>	100,966
<i>Office equipment</i>		
Net book value at start of the year	<b>33,555</b>	25,450
Additions	<b>46,107</b>	16,090
Depreciation	<b>(13,201)</b>	(7,985)
Net book value at end of the year	<b>66,461</b>	33,555
<i>Motor vehicles</i>		
Net book value at start of the year	<b>24,707</b>	29,780
Additions	<b>228,563</b>	–
Depreciation	<b>(10,598)</b>	(5,073)
Net book value at end of the year	<b>242,672</b>	24,707
<i>Camp buildings</i>		
Net book value at start of the year	<b>103,474</b>	–
Additions	<b>507,426</b>	107,042
Depreciation	<b>(49,295)</b>	(3,568)
Net book value at end of the year	<b>561,605</b>	103,474
	<b>1,183,014</b>	262,702

No items of property, plant and equipment have been pledged as security by the Company.

### Note 13 Non-current assets – investment in subsidiary

During the 2007 year Gold Road acquired 100% of Thatcher's Soak Uranium Pty Ltd for \$598, the Company was incorporated in Western Australia on 22 March 2007.

The subsidiary company had no material assets or liabilities at the reporting date and in addition had no revenue or expenses since incorporation.

Consolidated financial statements have not been prepared as the Directors consider to do so would be immaterial to the reporting entity's net assets at the reporting date and its result and cash flows for the year.

### Note 14 Non-current assets – other financial assets

Security and environmental bonds	<b>68,227</b>	–
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Included in the above are bonds that act as security for environmental bonds over tenements on which the Company has worked or is currently working.

# Notes to the Financial Statements continued

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2011

	2011 \$	2010 \$
<b>Note 15 Non-current assets – capitalised mineral exploration and evaluation expenditure</b>		
<i>In the exploration and evaluation phase</i>		
Cost brought forward	<b>5,144,613</b>	3,487,596
Exploration expenditure during the year	<b>6,061,190</b>	2,523,736
Exploration expenditure written off	<b>(404,490)</b>	(866,719)
Cost carried forward	<b>10,801,313</b>	5,144,613

The recoverability of the carrying amount of the exploration and evaluation assets is dependent upon successful development and commercial exploitation, or alternatively, sale of the respective areas of interest.

## Note 16 Current liabilities – trade and other payables

Trade payables	<b>1,135,401</b>	102,752
Accruals	<b>131,764</b>	400,870
Other payables	<b>3,837</b>	–
Trade and other payables	<b>1,271,002</b>	503,622

## Note 17 Current liabilities – provisions

Employee entitlements	<b>60,183</b>	15,016
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## Note 18 Contributed equity

### (a) Ordinary shares

The Company is a public company limited by shares. The company was incorporated in Perth, Western Australia.

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.

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.

	2011 No.	2010 No.	2011 \$	2010 \$
<b>(b) Share capital</b>				
Issued share capital	<b>311,475,291</b>	195,843,333	<b>31,227,681</b>	15,142,361

## Note 18 Contributed equity continued

		2011 No.	2010 No.	2011 \$	2010 \$
<b>(c) Share movements during the year</b>	<i>Issue price</i>				
Balance brought forward		195,843,333	170,410,000	15,142,361	12,607,387
Placement	\$0.085	29,000,000	—	2,465,000	—
Placement	\$0.34	26,500,000	—	9,010,000	—
Placement	\$0.105	—	22,433,333	—	2,355,500
Placement	\$0.105	—	3,000,000	—	315,000
Listed Options exercised	\$0.07	51,431,958	—	3,600,238	—
Unlisted Options exercised	\$0.07	700,000	—	49,000	—
Unlisted Options exercised	\$0.15	500,000	—	75,000	—
Unlisted Options exercised	\$0.20	6,500,000	—	1,300,000	—
Unlisted Options exercised	\$0.25	1,000,000	—	250,000	—
Less: costs related to shares issued		—	—	(663,918)	(135,526)
At the end of the year		311,475,291	195,843,333	31,227,681	15,142,361
<b>(d) Shares to be issued</b>					
Shares to be issued in respect of 5,612,244 options exercised	\$0.07	5,612,244	—	392,856	—
		5,612,244	—	392,856	—

	2011 No.	2010 No.
<b>(e) Share Options</b>		
<i>(i) Options granted during the year</i>		
The following table illustrates the number (No.) of, and movements in, share options issued during the year:		
Outstanding at the beginning of the year	76,255,004	75,055,004
Unlisted options granted (ii)	7,319,000	1,200,000
Unlisted options exercised (iii)	(8,700,000)	—
Listed options exercised (iv)	(57,044,202)	—
Forfeited during the year (v)	(700,000)	—
Listed options expired during the year*	(110,802)	—
Outstanding at the end of the year	17,019,000	76,255,004
Exercisable at the end of the year	13,219,000	72,055,004

*(ii) Unlisted options granted during the year:*

Number of options granted	Exercise price	Expiry date
2,700,000	9.5, 10.7 and 12.8 cents	30 September 2015
3,500,000	61.5 cents	31 October 2014
1,000,000	97.5 cents	30 April 2015
119,000	70.5 cents	31 May 2015

# Notes to the Financial Statements continued

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2011

## Note 18 Contributed equity continued

### (e) Share Options continued

(iii) *Unlisted options exercised during the year:*

Number of options exercised	Exercise price	Expiry date
6,500,000	20 cents	31 March 2011
1,000,000	25 cents	30 May 2011
700,000	7 cents	30 June 2014
500,000	15 cents	31 December 2012

(iv) *Listed options exercised during the year:*

Number of options exercised	Exercise price	Expiry date
57,044,202	7 cents	30 June 2011

\*At 30 June 2011 110,802 listed options with an exercise price of 7 cents each expired unexercised.

(v) *Unlisted options forfeited during the year:*

Number of options forfeited	Exercise price	Expiry date
200,000	37 cents	30 November 2012
500,000	9.5, 10.7 and 12.8 cents	30 September 2015

(vi) *Options outstanding at year-end*

The outstanding balance as at 30 June 2011 amounts to and is represented by Nil (2010: 76,255,004):

Number of options outstanding	Exercise price	Expiry date
5,200,000	37 cents	30 November 2012
733,334	9.5 cents	30 September 2015
733,334	10.7 cents	30 September 2015
733,332	12.8 cents	30 September 2015
1,000,000	18.5 cents	30 May 2013
1,000,000	22 cents	30 May 2013
1,000,000	26 cents	30 May 2013
400,000	15 cents	31 December 2012
700,000	10 cents	30 June 2014
600,000	15 cents	30 June 2014
300,000	17 cents	31 May 2013
3,500,000	61.5 cents	31 October 2014
1,000,000	97.5 cents	30 April 2015
119,000	70.5 cents	31 May 2015

Subsequent to 30 June 2011 the Company issued a further 5,612,244 shares on listed options exercised at 7 cents each prior to their 30 June 2011 expiry.

(vii) *Weighted average remaining contractual life*

The weighted average remaining contractual life for the unlisted share options outstanding as at 30 June 2011 is 2.56 years (2010: 2.03 years).

(viii) *Weighted average fair value*

The weighted average fair value of the unlisted options granted during the year was 0.15 cents (2010: 0.12 cents).



## Note 18 Contributed equity *continued*

### (e) Share Options *continued*

#### (ix) Option pricing model

The fair value of the equity-settled share options granted is estimated as at the date of the grant using the Black-Scholes Model taking into account the terms and conditions upon which the options were granted.

The following table lists the inputs to the models used for the years ended 30 June 2011 and 30 June 2010:

	30 June 2011				30 June 2010	
	Option A	Option B	Option C	Option D	Option E	Option F
Expected volatility (%)	103.97	103.97	91.89	90.54	321	156.63
Risk-free interest rate (%)	4.92	5.17	5.12	4.76	4.99	4.74
Expected life of option (years)	5	3.9	4	4	3.2	3
Option exercise price (\$)	Various	0.615	0.975	0.705	0.15	0.17
Weighted average share price at measurement date (\$)	Various	0.38	0.65	0.47	0.13	0.088
Model used	Black-Scholes	Black-Scholes	Black-Scholes	Black-Scholes	Black-Scholes	Black-Scholes

#### **Option A:**

Option A represents the 2,700,000 options granted on 17 September 2010 to employees/consultants pursuant to the terms and conditions of the Gold Road Directors, Employees and Other Permitted Persons Option Plan. These options have been valued for inclusion in remuneration disclosures using the Black-Scholes option pricing model. During the year 500,000 options were forfeited and the fair value of the remaining options is \$147,097 which is being expensed over the vesting period. The vesting periods and fair value per option at measurement date is as follows:

Number of options issued	Vesting period	Option exercise price	Fair value per option
733,334	12 months	9.5 cents	6.81 cents
733,334	24 months	10.7 cents	6.71 cents
733,332	36 months	12.8 cents	6.54 cents

#### **Option B:**

Option B represents the 3,500,000 options issued to directors pursuant to shareholder approval at the Gold Road Annual General Meeting held on 29 November 2010. These options have been valued for inclusion in remuneration disclosures using the Black-Scholes option pricing model. The fair value of the options is \$608,164 which was expensed on grant date. The options vested on grant date and expire 31 October 2014.

#### **Option C:**

Option C represents the 1,000,000 options issued Mr Ziggy Lubieniecki (Executive Director) pursuant to shareholder approval at the Gold Road General Meeting held on 27 April 2011. These options have been valued for inclusion in remuneration disclosures using the Black-Scholes option pricing model. The fair value of the options is \$272,400 which was expensed on grant date. The options vested on grant date and expire 30 April 2015.

#### **Option D:**

Option D represents the 119,000 options issued to employees pursuant to the terms and conditions of the Gold Road Incentive Plan. These options have been valued for inclusion in remuneration disclosures using the Black-Scholes option pricing model. The fair value of the options is \$23,151 which was expensed on grant date. The options vested on grant date and expire 31 May 2015.

#### **Option E:**

Option E represents the 900,000 options granted on 4 November 2009 to employees/consultants pursuant to the terms and conditions of the Gold Road Directors, Employees and Other Permitted Persons Option Plan. These options have been valued for inclusion in remuneration disclosures using the Black-Scholes option pricing model. The fair value of the options is \$116,497 which is being expensed over the vesting period. The options vest 12 months from the date of issue and expire 31 December 2012.

# Notes to the Financial Statements continued

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2011

## Note 18 Contributed equity continued

### (e) Share Options continued

#### Option F:

Option F represents the 300,000 options granted on 31 May 2010 to Martin Pyle prior to his appointment to the Board of Directors of Gold Road as compensation for Corporate and Strategic advice services rendered to the Company. These options have been valued for inclusion in remuneration disclosures using the Black-Scholes option pricing model. The fair value of the options is \$26,348 which was expensed on grant date. The options vested on grant date and expire 31 May 2013.

2011	2010
\$	\$

## Note 19 Share-based payments

### (a) Recognised share-based payment expenses

The expense recognised for services received during the year is shown in the table below:

Expenses arising from equity settled share-based payment transactions

– Recognised in Statement of Comprehensive Income

– Recognised in Equity

1,068,632	229,269
–	–
<b>1,068,632</b>	<b>229,269</b>

### (b) Types of share-based payment plans

#### Incentive Option Plan

The Company has a formal option plan for the issue of options to employees, directors and consultants, which was approved by shareholders at the Company's Annual General Meeting on 29 November 2010. Options are granted free of charge and are exercisable at a fixed price in accordance with the terms of the grant. Options over unissued shares are issued under the terms of the Plan at the discretion of the Board.

#### Performance Rights Plan

The Company has a formal plan for the issue of performance share rights to employees, which was approved by shareholders at the Company's Annual General Meeting on 29 November 2010. Share rights are granted free of charge and are exercisable into ordinary fully paid shares in accordance with the terms of the grant. Share rights are issued to employees under the terms of the Plan at the discretion of the Board.

Refer to Note 18(e) for movements in share options during the year.

2011	2010
\$	\$

## Note 20 Reserves and accumulated losses

### (a) Equity remuneration reserve

Balance brought forward at 1 July

1,168,971	939,702
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Transfer to equity remuneration reserve in respect of options issued

1,068,632	229,269
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Balance carried forward at 30 June

<b>2,237,603</b>	<b>1,168,971</b>
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The equity remuneration reserve is used to recognise the fair value of options issued but not exercised.

### (b) Accumulated losses

Balance brought forward at 1 July

(9,617,667)	(7,560,310)
-------------	-------------

Loss for the year

(3,029,931)	(2,057,357)
-------------	-------------

Balance carried forward at 30 June

<b>(12,647,598)</b>	<b>(9,617,667)</b>
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## Note 21 Financial instruments

### (a) Credit risk

The Directors do not consider that the Company's financial assets are subject to anything more than a negligible level of credit risk, and as such no disclosures are made. Refer to note 3(a).

### (b) Impairment losses

The Directors do not consider that any of the Company's financial assets are subject to impairment at the reporting date. No impairment expense or reversal of impairment charge has occurred during the reporting period.

### (c) Liquidity risk

The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements. Refer to note 3(b).

	Carrying amount \$	Contractual cash flows \$	6 months or less \$
<b>30 June 2011</b>			
Trade and other payables	1,271,002	(1,271,002)	(1,271,002)
	<b>1,271,002</b>	<b>(1,271,002)</b>	<b>(1,271,002)</b>
<b>30 June 2010</b>			
Trade and other payables	503,622	(503,622)	(503,622)
	<b>503,622</b>	<b>(503,622)</b>	<b>(503,622)</b>

### (d) Currency risk

The Company does not have any exposure to foreign currency risk. Refer to note 3(c).

### (e) Interest rate risk

At the reporting date the interest profile of the Company's interest-bearing financial instruments was as follows (refer to note 3(c)):

	Company Carrying Amount	
	2011 \$	2010 \$
<b>Fixed rate instruments</b>		
Financial assets	—	—
Financial liabilities	—	—
<b>Variable rate instruments</b>		
Financial assets	<b>9,685,631</b>	1,769,715

### (f) Fair value sensitivity analysis for fixed rate investments

The Company does not account for any fixed rate financial assets and liabilities at fair value through profit or loss, and the Company does not designate derivatives as hedging instruments under a fair value hedge accounting model. Therefore a change in interest rates at the reporting date would not affect profit or loss.

# Notes to the Financial Statements continued

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2011

## Note 21 Financial instruments continued

### (g) 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) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables remain constant. The 100 basis points sensitivity is based on reasonable possible change over the financial year using the observed range for the historic 2 years.

	Profit or loss		Equity	
	100bp increase \$	100bp decrease \$	100bp increase \$	100bp Decrease \$
<b>30 June 2011</b>				
Variable rate instruments	<b>96,856</b>	<b>96,856</b>	<b>96,856</b>	<b>96,856</b>
<b>30 June 2010</b>				
Variable rate instruments	17,697	(17,697)	17,697	(17,697)

### (h) Fair values

#### *Fair values versus carrying amounts*

The fair values of financial assets and liabilities approximate their carrying values due to their short term nature.

## Note 22 Dividends

No dividends were paid or proposed during the financial year.

The Company has no franking credits available as at 30 June 2011.

## Note 23 Key management personnel disclosures

### (a) Directors

The following persons were directors of Gold Road during the financial year:

- (i) *Executive Chairman*  
Ian Murray (appointed Executive Chairman 12 February 2008)
- (ii) *Non-Executive Director and Company Secretary*  
Kevin Hart (appointed Non-Executive Director 17 May 2007)
- (iii) *Non-Executive Director*  
Russell Davis (appointed 28 May 2004. Became Non-Executive Director on 1 January 2008)
- (iv) *Non-Executive Director*  
Martin Pyle (appointed 22 June 2010)
- (v) *Executive Director – Technical*  
Ziggy Lubieniecki (appointed General Manager 1 August 2009; appointed Executive Director on 13 December 2010)

### (b) Other key management personnel

There were no other persons employed by or contracted to the Company during the financial year, having responsibility for planning, directing and controlling the activities of the Company, either directly or indirectly except for Mr Lubieniecki that was appointed an Executive Director on 13 December 2010 (see above).



## Note 23 Key management personnel disclosures *continued*

### (c) Compensation for key management personnel

	2011 \$	2010 \$
Short-term employee benefits	637,069	557,616
Bonuses	15,667	–
Post-employee benefits	19,797	16,920
Other benefits	10,820	9,825
Share-based payment	966,250	126,959
Total compensation	1,649,603	711,320

### (d) Equity instrument disclosures relating to key management personnel

#### (i) *Option holdings*

The number of options over ordinary shares in the Company held during the financial year by each Director of Gold Road and other key management personnel of the Company are set out below.

#### YEAR 2011

Directors/ Executives	Balance at start of the year	Granted during the year	Exercised during the year	Other changes during the year	Balance at the end of the year	Vested and exercisable at the end of the year
I Murray	8,027,000	2,000,000	(4,027,000)	–	6,000,000	5,000,000
R Davis	5,565,000	500,000	(4,565,000)	–	1,500,000	1,500,000
K Hart	1,000,000	500,000	–	–	1,500,000	1,500,000
M Pyle	800,000	500,000	(500,000)	–	800,000	800,000
Z Lubieniecki	3,100,000	2,000,000	(1,300,000)	–	3,800,000	2,200,000

#### YEAR 2010

Directors/ Executives	Balance at start of the year	Granted during the year	Exercised during the year	Other changes during the year	Balance at the end of the year	Vested and exercisable at the end of the year
I Murray	8,027,000	–	–	–	8,027,000	6,027,000
R Davis	5,565,000	–	–	–	5,565,000	5,565,000
K Hart	1,000,000	–	–	–	1,000,000	1,000,000
M Pyle	800,000	–	–	–	800,000	800,000
Z Lubieniecki	3,100,000	–	–	–	3,100,000	1,800,000

# Notes to the Financial Statements continued

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2011

## Note 23 Key management personnel disclosures continued

### (d) Equity instrument disclosures relating to key management personnel continued

#### (ii) Share holdings

The number of shares in the Company held during the financial year by each Director of Gold Road and other key management personnel of the Company, including their personally related parties are set out below. There were no shares granted during the reporting period as compensation.

#### YEAR 2011

Directors/Executives	Balance at start of the year	Received during the year on exercise of options	Other changes during the year	Balance at the end of the year
I Murray	8,108,000	4,027,000	(1,000,000)	11,135,000
R Davis	6,260,000	4,565,000	(2,750,000)	8,075,000
K Hart	–	–	–	–
M Pyle	1,500,000	500,000	–	2,000,000
Z Lubieniecki	1,200,000	1,300,000	(1,399,000)	1,101,000

#### YEAR 2010

Directors/Executives	Balance at start of the year	Received during the year on exercise of options	Other changes during the year	Balance at the end of the year
I Murray	8,108,000	–	–	8,108,000
R Davis	6,260,000	–	–	6,260,000
K Hart	–	–	–	–
M Pyle	1,500,000	–	–	1,500,000
Z Lubieniecki	1,200,000	–	–	1,200,000

### (e) Loans made to key management personnel

No loans were made to a director of Gold Road or any other key personnel, including personally related entities during the reporting period.

### (f) Other transactions with key management personnel

Mr Hart has an interest as a Partner in a Chartered Accounting firm, Endeavour Corporate. This firm provided company secretarial and accounting services to the Company in the ordinary course of business. The value of transactions in the financial year ended 30 June 2011 amounted to \$141,830 (2010: \$114,380).

During the year, Martin Pyle Consulting, a company controlled by Mr Pyle, provided corporate and strategic advice services to the company. The value of transactions in the financial year ended 30 June 2011 amounted to \$36,904 (2010: \$29,650).

Terms and conditions were not more favourable than those available, or which might reasonably be expected to be available for a similar transaction to unrelated parties on an arms-length basis.

## Note 24 Remuneration of auditors

Audit and review of the Company's financial statements

2011 \$	2010 \$
20,118	30,104
20,118	30,104

## Note 25 Contingencies

### (a) Contingent liabilities

There were no material contingent liabilities noted or provided for in the financial statements of the Company as at 30 June 2011 other than:

#### *Native Title and Aboriginal Heritage*

Native title claims have been made with respect to areas which include tenements in which the Company has an interest. The Company is unable to determine the prospects for success or otherwise of the claims and, in any event, whether or not and to what extent the claims may significantly affect the Company or its projects. Agreement is being or has been reached with various native title claimants in relation to Aboriginal Heritage issues regarding certain areas in which the Company has an interest.

### (b) Contingent assets

There were no material contingent assets as at 30 June 2011.

## Note 26 Commitments

### (a) Exploration

The Company has certain obligations to perform minimum exploration work on mineral leases held. These obligations may vary over time, depending on the Company's exploration programmes and priorities. As at reporting date, total exploration expenditure commitments on tenements held by the Company have not been provided for in the financial statements and which cover the following twelve month period amount to \$1,972,000 (2010: \$1,046,455). These obligations are also subject to variation by farm-out arrangements or sale of the relevant tenements.

### (b) Operating lease commitments

Commitments for minimum lease payments in relation to non-cancellable operating leases are as follows:

	2011 \$	2010 \$
Within one year	106,800	37,184
Later than one year but not later than five years	89,000	–
Later than 5 years	–	–
	<b>195,800</b>	<b>37,184</b>
<b>(c) Contractual commitment</b>		
Within one year	–	38,500
Later than one year but not later than five years	–	–
Later than 5 years	–	–
	<b>–</b>	<b>38,500</b>

There are no contractual commitments in respect of directors' employment contracts.

There are no other material contractual commitments as at 30 June 2011 other than those disclosed above and not otherwise disclosed in the Financial Statements.

## Note 27 Related party transactions

There were no related party transactions during the year, other than disclosed at note 23.

# Notes to the Financial Statements continued

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2011

## Note 28 Events occurring after the reporting date

There has not arisen in the interval between the end of the period and the date of this report any 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 Company, the results of those operations or the state of affairs of the Company in subsequent financial years.

## Note 29 Reconciliation of loss after tax to net cash outflow from operating activities

	2011 \$	2010 \$
Loss from ordinary activities after income tax	(3,029,931)	(2,057,357)
Depreciation	95,738	29,898
Exploration expenditure written off	404,490	866,719
Share based payments expense	1,068,632	229,269
<i>Change in operating assets and liabilities:</i>		
(Increase) in accrued interest receivable	(20,414)	–
(Increase) in research and development tax concession refund	(317,544)	–
(Increase)/decrease in prepaid expenses	(10,838)	–
Increase in leave provisions	45,167	15,016
Increase in trade and other payables	101,994	48,911
Net cash outflow from operating activities	(1,662,706)	(867,544)

## Note 30 Earnings per share

	cents	cents
<b>(a) Basic earnings per share</b>		
Loss attributable to ordinary equity holders of the Company	(1.21)	(1.12)
<b>(b) Diluted earnings per share</b>		
Loss attributable to ordinary equity holders of the Company	(1.21)	(1.12)
	\$	\$
<b>(c) Loss used in calculation of basic and diluted loss per share</b>		
Loss for the year	(3,029,931)	(2,057,357)
	No.	No.
<b>(d) Weighted average number of shares used as the denominator</b>		
Weighted average number of shares used as the denominator in calculating basic and diluted earnings per share	250,485,252	183,755,388

## (e) Information concerning the classification of securities

### Options

Options to acquire ordinary shares granted by the Company and not exercised at the reporting date are considered to be potential ordinary shares and have been included in the determination of diluted earnings per share to the extent to which they are dilutive. At year end, none of the options were considered to be dilutive. The options have not been included in the determination of basic earnings per share. Refer to note 18 for details of the options issued.



# Directors' Declaration

In the opinion of the Directors of Gold Road

- (a) the financial statements, notes and the additional disclosures included in the Directors' Report designated as audited of the Company are in accordance with the Corporations Act 2001, including:
  - (i) complying with Accounting Standards and the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
  - (ii) giving a true and fair view of the financial position of the Company as at 30 June 2011 and of its performance, as represented by the results of its operations, changes in equity and cash flows, for the financial year ended on that date.
- (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.

The Directors have been given the declarations required by Section 295A of the Corporations Act 2001 from the Chief Executive Officer and Chief Financial Officer for the financial year ended 30 June 2011.

The directors draw attention to Note 1(a) to the financial statements, which include a statement of compliance with International Financial Reporting Standards.

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

On behalf of the Board

Signed at Perth this 27<sup>th</sup> day of September 2011.



**Ian Murray**  
Executive Chairman

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF GOLD ROAD RESOURCES LIMITED**

### **Report on the Financial Report**

We have audited the accompanying financial report of Gold Road Resources Limited, which comprises the statement of financial position as at 30 June 2011, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

#### *Directors' responsibility for the Financial Report*

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In note 1(a), the directors also state, in accordance with Australian Accounting Standard AASB 101 Presentation of Financial Statements, that the financial report of the company, comprising the financial statements and notes, complies with International Financial Reporting Standards.

#### *Auditor's Responsibility*

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

Our audit did not involve an analysis of the prudence of business decisions made by directors or management.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### *Independence*

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*.

### *Auditor's opinion*

In our opinion:

- (a) the financial report of Gold Road Resources Limited is in accordance with the *Corporations Act 2001*, including:
  - (i) giving a true and fair view of the company's financial position as at 30 June 2011 and of its performance for the year ended on that date; and
  - (ii) complying with Australian Accounting Standards and the Corporations Regulations 2001.
- (b) the financial report of the Company also complies with International Financial Reporting Standards as disclosed in note 1(a).

### **Report on the Remuneration Report**


We have audited the remuneration report included in pages 28 to 31 of the directors' report for the year ended 30 June 2011. 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 responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards

### *Auditor's opinion*

In our opinion the remuneration report of Gold Road Resources Limited for the year ended 30 June 2011 complies with section 300 A of the *Corporations Act 2001*.

**STANTONS INTERNATIONAL AUDIT AND CONSULTING PTY LTD**  
**(Trading as Stantons International)**  
**(An Authorised Audit Company)**

*Stantons International Audit and Consulting Pty Ltd*



**J P Van Dieren**  
 Director

West Perth, Western Australia  
 27 September 2011

# ASX Shareholder Information

Pursuant to the Listing Requirements of the Australian Stock Exchange Limited, the shareholder information set out below was applicable as at 4 October 2011.

## (a) Distribution of Equity Securities

Analysis of numbers of shareholders and option holders by size of holding:

Distribution	Number of shareholders
1 – 1,000	270
1,001 – 5,000	1,521
5,001 – 10,000	1,286
10,001 – 100,000	2,103
More than 100,000	308
<b>TOTALS</b>	<b>5,488</b>

There were 338 shareholders holding less than a marketable parcel of ordinary shares.

## (b) Twenty Largest Shareholders

The names of the twenty largest holders of ordinary shares are listed below:

Shareholder Name	Ordinary Shares	
	Number of shares	Percentage of Issued
HSBC Custody Nominees Ltd*	43,398,127	13.69
Perth Select Seafoods Pty Ltd	10,020,000	3.16
JP Morgan Nominees Aust Ltd	7,604,136	2.40
Davis Russell John	7,404,211	2.34
Haifa Pty Ltd	7,111,135	2.24
Citicorp Nominees Pty Ltd	6,459,472	2.04
Zenith Pacific Ltd	6,250,000	1.97
Martini 5 Pty Ltd	6,156,919	1.94
Hodson David Maurice	5,950,000	1.88
Asarco Expl Co Inc	5,000,000	1.58
Morgan Stanley Aust Sec	3,980,522	1.26
Helena MA Pty Ltd	3,634,953	1.15
Kurraba Investments Pty Ltd	3,500,000	1.10
UBS Wealth Management Aust Nom	3,009,660	0.95
McCubbing Bryan	3,000,000	0.95
Brooks Robert James	2,829,100	0.89
Bell Potter Nom Ltd	2,620,000	0.83
Ucan Nom Pty Ltd	2,514,861	0.79
Pyle Martin James	2,000,000	0.63
First Farley Pty Ltd Timar S/F A/C	1,985,188	0.63
<b>TOTAL</b>	<b>148,943,630</b>	<b>42.42%</b>

\*Includes 11,135,000 ordinary shares held by Troyleigh Investments Pty Ltd (an entity related to Mr. Ian Murray – Executive Chairman) representing 3.51% of total issued shares.

## (c) Voting Rights

In accordance with the Company's Constitution, voting rights in respect of ordinary shares are on a show of hands whereby each member present in person or by proxy shall have one vote and upon a poll, each share will have one vote.



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