

# GOR.AU

## Gold Road Resources Limited

A\$ 0.48

31 March 2011  
Gold, Uranium  
Australia (WA)  
Advanced Exploration  
Exchanges: ASX:GOR

GOR is the stand-out gold explorer in WA's Eastern Goldfields, with its share price up 352% in 12 months. We think out-performance is likely to continue in 2011, as the potential of GOR's dominant Yamarna Belt position is unlocked, and plans for potential production unfold.

### Capital Profile

Share price (A\$)	0.48
52 week range (A\$/share)	0.08 to 0.55
Number of shares (m)	273.8
Options and warrants (m)	60.0
Convertible notes (m)	0.0
Fully diluted (m)	333.8
Market capitalisation (undiluted) (A\$m)	131.4
Debt (A\$m) - Mar 11F	0.0
Enterprise value (A\$m)	131.4
Major shareholders: Directors (7.1%), Perth Select Seafood (4.0%), Geiger Counter Fund (3.1%), HSBC Nominees (3.0%).	
Avg monthly volume (m)	42.1
Cash (A\$m) - Mar 11F	9.4
Price/Cash (x)	13.9
Price/Book (x)	6.6
Company options:	GORO

### Production and Financial Forecasts

YEAR END: June	Dec-10a	Mar-11F	2010a	2011F	2012F
Exploration and evaluation (A\$m)	1.16	2.25	2.13	7.16	9.00
Corporate (A\$m)	0.39	0.30	0.94	1.36	1.40
Exploration/(Expl.+ Corporate) (%)	75	88	69	92	104
Funding duration at current burn (years)			0.6	1.3	0.1
Shares on issue (pr end) (m shares) **	261.6	273.8	195.8	330.9	330.9
Drilling - RAB (m)	3,000	10,000	10,500	45,000	50,000
Drilling - RC/Diamond (m)	10,000	10,000	18,900	31,000	50,000
Land holding ('000 ha)	500	500	410	500	500
Tenement costs (\$k per year)	-	-	-	-	-
Capital raisings (A\$m) **	10.46	0.90	2.67	17.83	0.00
Funding from JV partners (A\$m)	0	0	0	0	0
Cash (A\$m)	10.9	9.4	1.8	11.0	1.0
Cash backing (A\$/share)	4.2	3.4	0.9	3.7	0.3
Net asset backing (A\$/share)	7.3	7.3	3.4	7.9	8.2

\*\* FY11 shares and capital raising assumes 7c options converted 2Q11 raising A\$4m.

### Investment Points

GOR's focus is gold in the Eastern Goldfields, WA. Exploration budget increasing to ~A\$9mpa.

Strategic position (~5,000km<sup>2</sup>) in remote under-explored Yamarna greenstone belt in Yilgarn Craton.

Major milestone: Initial JORC resource statement for Central Bore discovery - 150kz at 7.86g/t grade.

Includes high grade Imperial Shoot, 57koz @ 23.1g/t.

Total Yamarna resource >1moz with 1.44g/t Atilla zone.

Drilling of additional high grade target zones in CY11: Justinian, Hann, Central Bore North and new targets.

Central Bore resource and new zone potential gives GOR confidence to be assessing fast track production.

With the initial Central Bore grades confirmed and major targets being drilled 1H11, our revised six month target range, with continued exploration success, is A\$0.48/share - A\$0.56/share.

### Company Comment

**Overview:** GOR listed on the ASX July '06 as Eleckra Mines Ltd. Its focus is the Yamarna greenstone belt where it has now established >1moz gold resources, and a 6.2mlb shallow calcrete U<sub>3</sub>O<sub>8</sub> resource. **Yamarna Project (WA):** (3,000km<sup>2</sup>, gold) GOR's exploration focus is on the Yamarna greenstone belt - a regional scale mineralised trend considered prospective for multi-million ounce discoveries. GOR's (917koz (1.44g/t) resource occurs in the **Atilla zone** along a 33km strike length.

**Central Bore ("CB"):** (3.7km E of Atilla). CB was discovered in 2009 after drilling a RAB anomaly. A spectacularly successful RC drilling program in 2Q10 confirmed high grade mineralisation over an 800m strike length and 400m depth, open along strike and at depth. Recent RAB drilling indicates the mineralisation may extend up to 1.1km to the north (CB North) and 1.2km to the south. CB is a linear steeply dipping high grade carbonate narrow high grade vein system, parallel to the Atilla zone.

**Central Bore JORC Resource:** GOR has recently announced the maiden CB JORC resource, 595kt @ 7.9g/t for 150koz. Importantly the high grade Imperial Shoot contains 57.1koz @ 23.1g/t.

**Parallel Discovery Zones:** The four additional new zones discovered in the last 15 months in an area of only 6km<sup>2</sup> around CB have given GOR's exploration programs increased momentum. **Justinian** (200m E of CB), is an exciting high grade discovery (7m @ 27.2g/t incl. 1m @ 102g/t) indicating broader mineralised zones than CB. The **Hann anomaly** (2.4km W of CB) has now been extended to 4.3km length after recent soil geochem sampling. A major target for 2011, it is now being drilled (10,000m RC), 2Q10 drilling gave promising shallow intercepts. **Byzantium**, 500m E of CB, exhibits 2 anomalies ~1km long. The 4<sup>th</sup> zone, **Central Bore North**, suggests the start of the next high grade zone 500m N of CB.

**Next Steps:** GOR is dramatically increasing its planned drilling from 37,000m CY10 to a planned 95,000m in CY11. (Hann 30,000m, Central Bore 23,000m, Justinian 22,000m and new targets 20,000m). **Fast Track Development Potential:** Metallurgical testwork of CB ore has indicated high (>96%) metallurgical recoveries from CIL, and significant potential recovery in a gravity pre-leach circuit. GOR will be assessing the near term production potential. A low capex ~150ktpa operation to produce ~40kozpa could be the initial focus - size would increase if new zones increase resource size.

**Golden Sands (WA):** (1,500km<sup>2</sup>, gold) GOR holds largely unexplored exploration tenements north of the AngloGold Ashanti/Independence Group **Tropicana** gold project (6moz resource).

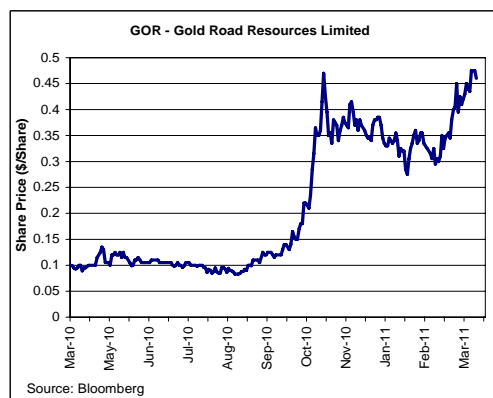
**Thatcher Soak (WA):** (500km<sup>2</sup>, uranium) GOR holds E portion of the Thatcher Soak calcrete uranium prospect, (total 20mlb resource - UNX 14mlb and GOR 6.2mlb). Likely to be sold with UNX's stake.

**Corporate:** 4Q10 placement at A\$0.34 raised A\$9m, A\$4.9m options exercise to come by mid 2011.

**Investment Comment:** With a 150koz Central Bore initial resource now defined, the key to maintaining share price out-performance for GOR will be reproducing that exploration success in the new target zones being drilled in 2011, thereby maintaining 'resource momentum'. If that is achieved, we see the share price in the next six months heading towards the upper level of our target range of **A\$0.48/share to A\$0.56/share** (fully diluted)

### Reserves and Resources/Mineralised Material

Code for reporting mineral resources - Australian:		(JORC)									
Gold	Classification	Project	Ore	Au	Cut Off	Au	Au	Au	Equity		
		Equity	Mt	g/t	g/t	t	koz	koz	koz		
<b>Reserves</b>											
						0.0	0.0	0.0			
<b>Resources</b>											
Yamarna - Atilla-Alaric	Meas., Ind. & Inf.	100%	19.82	1.44	0.50	28.5	917	917			
Yamarna - Central Bore	Meas., Ind. & Inf.	100%	0.595	7.86	1.00	4.7	150	150			
<b>Total Resources</b>						<b>33.2</b>	<b>1,067</b>	<b>1,067</b>			
<b>Mineralised Material (est., non compliant with JORC)</b>											
						0.0	0.0	0.0			
<b>Uranium Resources</b>											
		Project	Equity	Mt	U <sub>3</sub> O <sub>8</sub>	Cut Off	U <sub>3</sub> O <sub>8</sub>	U <sub>3</sub> O <sub>8</sub>	U <sub>3</sub> O <sub>8</sub>	Eqty	U <sub>3</sub> O <sub>8</sub>
Thatcher Soak	Inferred	100%		16.1	0.017	100	2.7	6.2	6.2		



### Contacts

Mr Ian Murray  
Executive Chairman  
Tel: 61 (0) 8 9486 4144  
West Perth, WA, Australia  
[www.goldroad.com.au](http://www.goldroad.com.au)

Analyst: Dr Tony Parry  
tonyparry@rcresearch.com.au

### Directors

I Murray (Exec Chairman)  
Z Lubieniecki (Exec Dir)  
K Hart (Non Exec Dir)  
M Pyle (Non Exec Dir)  
R Davis (Non Exec Dir)

### Key Projects

Project	Ownership/Option	Metal	JV Partner	Target Type	Process Route	Project Status	Location
Yamarna - Central Bore	100%	Au	none	ox/sulp	gravity/CIP	Adv. Expl.	Aus (WA)
Yamarna - Atilla	100%	Au	none	ox/sulp	heap leach	Adv. Expl.	Aus (WA)
Yamarna - Gold regional	100%	Au	none	ox/sulp	na	Early Expl.	Aus (WA)
Golden Sands	100%	Au,U	none	ox/sulp	na	Early Expl.	Aus (WA)
Yamarna: Thatcher Soak	100%	U	none	Calcrete	Alk. Leach	Adv. Expl.	Aus (WA)

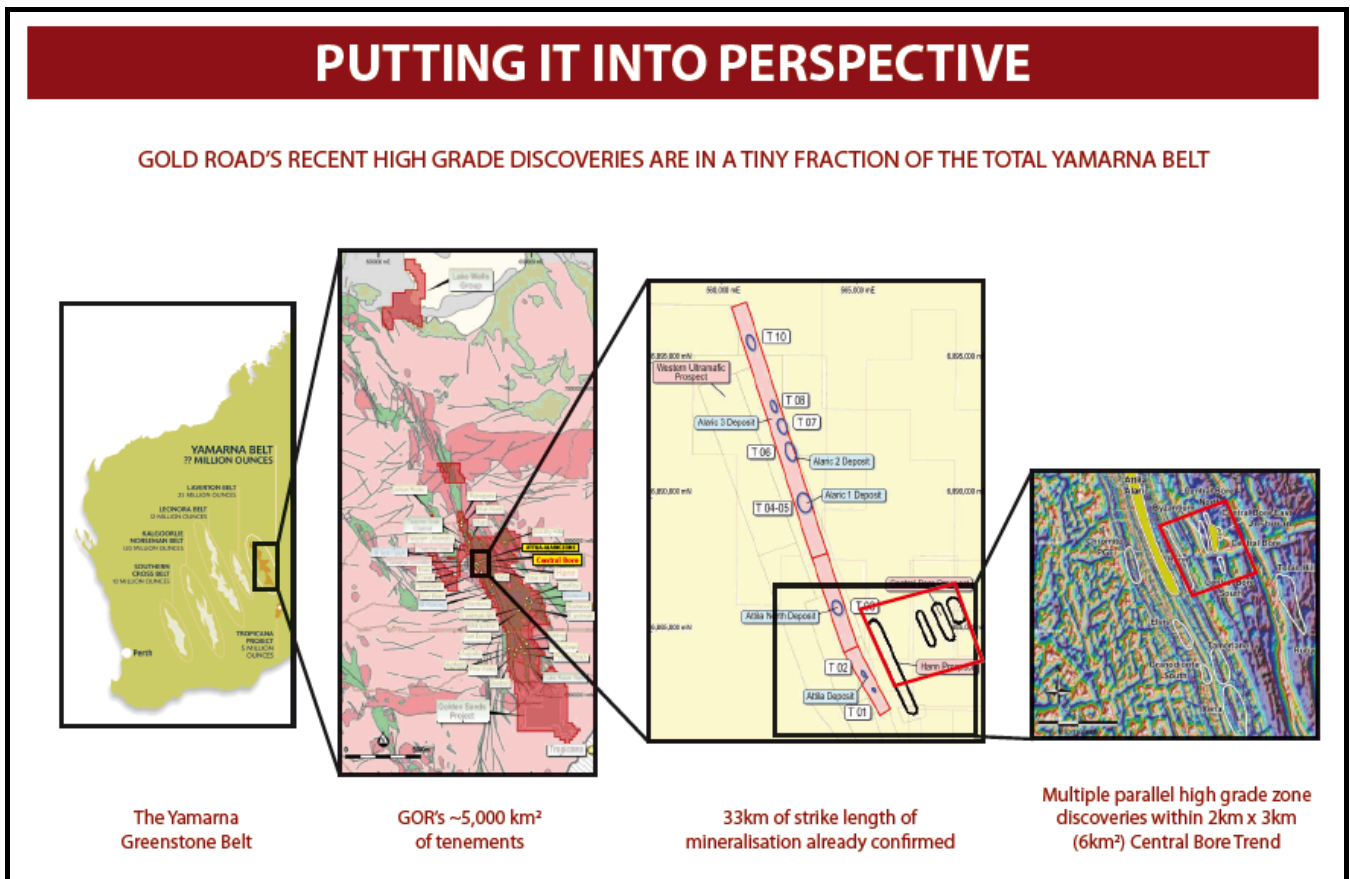
The initial Central Bore JORC resource is 150koz Au, open to the north and at depth. The planned major 2011 drilling campaign focusing on Hann, Justinian and other parallel zones suggests that the upper level of our valuation range (A\$0.56/share) could be coming into focus if the good results keep flowing.

**GOLD ROAD RESOURCES LIMITED - VALUATION**

	Equity	Target Gold Resource (moz)	Valuation Range		
			Low * A\$m	Mid** A\$m	High ^ A\$m
<b>Projects</b>					
+ Yamarna existing gold resource (current 0.92moz valued @ A\$40-A\$50/oz)	100%	0.92	36.7	45.9	45.9
+ Central Bore (current 0.15moz high grade resource valued @ A\$200-A\$250oz)	100%	0.15	30.0	37.5	37.5
+ Justinian, Hann, Byzantium, CB North - likely new parallel high grade zones	100%		15.0	37.5	60.0
+ Thatcher Soak uranium resource (6.2mlb @ A\$0.50/lb)	100%		3.1	3.1	3.1
+ Yamarna 4,000km <sup>2</sup> Regional Expl'n (excellent potential for further h.g. zones)	100%		15.0	20.0	25.0
+ Other Exploration (Uranium potential, Golden Sands Au)	100%		2.0	3.0	5.0
<b>Sub Total</b>			101.8	147.0	176.5
+ Cash (est Mar '11)			9.4	9.4	9.4
- Debt (est. Mar '11)			0.0	0.0	0.0
<b>Sub Total</b>			9.4	9.4	9.4
<b>GOR NET ASSET VALUE</b>			<b>111.2</b>	<b>156.4</b>	<b>185.9</b>
<b>Capital Structure</b>					
Shares (m)			273.8	273.8	273.8
Fully Diluted Shares (m)			333.8	333.8	333.8
<b>GOR NET ASSET VALUE PER SHARE</b>	<b>:A\$/share</b>		<b>0.41</b>	<b>0.57</b>	<b>0.68</b>
<b>GOR NET ASSET VALUE DILUTED</b>	<b>:A\$/share fully diluted</b>		<b>0.34</b>	<b>0.48</b>	<b>0.56</b>

\* Low valuation assumes little 2011 exploration success - new high grade parallel discovery zones valued at 50% of Central Bore valuation.  
 \*\* Mid valuation assumes modest 2011 exploration success - new high grade parallel discovery zones valued at equal to Central Bore valuation.  
 ^ High valuation assumes continued 2011 exploration success - multiple new high grade parallel discovery zones valued at a 60% premium to Central Bore.

The new high grade discovery zones occur in a small 6 km<sup>2</sup> segment, out of GOR's total ~5,000 km<sup>2</sup> Yamarna greenstone belt tenements, which remain relatively unexplored due to remoteness and soil cover.



## Disclosure and Disclaimer

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Resource Capital Research  
ACN 111 622 489  
[www.rcresearch.com.au](http://www.rcresearch.com.au)

Suite 1306  
183 Kent Street  
Sydney, NSW 2000

Tel: +612 9252 9405  
Fax: +612 9251 2859  
Email: [johnwilson@rcresearch.com.au](mailto:johnwilson@rcresearch.com.au)