

# GOR.AU

## Gold Road Resources Limited

A\$ 0.57

27 June 2011  
 Gold, Uranium  
 Australia (WA)  
 Advanced Exploration  
 Exchanges: ASX:GOR

**GOR's discovery momentum and increasing focus on potential production should continue to drive share price out-performance in 2H11, as the resource inventory builds from additional high grade zones in its dominant position in the under-explored Yamarna Belt.**

### Capital Profile

Share price (A\$)	0.57
52 week range (A\$/share)	0.08 to 0.84
Number of shares (m) *	317.2
Options and warrants (m) *	17.6
Convertible notes (m)	0.0
Fully diluted (m)	334.8
Market capitalisation (undiluted) (A\$m)	180.8
Debt (A\$m) - Jun 11F	0.0
Enterprise value (A\$m)	180.8
Major shareholders: Directors (7.1%), Perth Select Seafood (4.0%), Geiger Counter Fund (3.1%), HSBC Nominees (3.0%).	
Avg monthly volume (m)	35
Cash (A\$m) - Jun 11F	10.4
Price/Cash (x)	17.4
Price/Book (x)	7.9
Company options:	GORO
* assumes all 30 June 2011 A\$0.07 options are exercised	

### Investment Points

GOR's holds a strategic position (~5,000km<sup>2</sup>) in remote under-explored Yamarna greenstone belt Eastern Goldfields, WA. Exploration budget ~A\$9mpa.

Total Yamarna resource 1.07Moz, likely to continue to increase with multiple high grade zones.

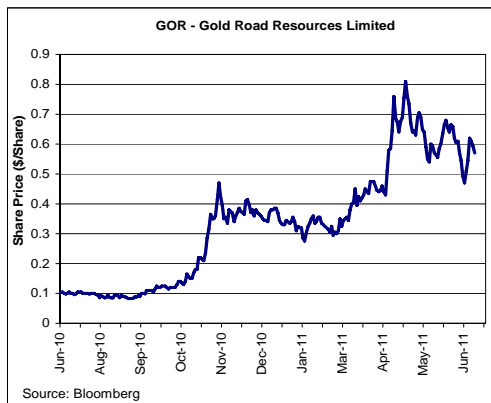
Central Bore discovery - 150kz at 7.86g/t grade. Includes high grade Imperial Shoot, 57koz @ 23.1g/t. Recent deeper drilling confirms high grade depth extension.

Cluster of multiple parallel high grade zones discovered in just 6km<sup>2</sup> around Central Bore: Justinian, Hann, Central Bore North and new targets.

New Justinian zone at least 500m long, looks like high grade with widths > Central Bore. Initial JORC resource expected early 1Q11.

GOR is assessing possible fast track low capex on-site production or trucking/toll treatment option.

With continued discovery momentum and resource tonnage and grade likely to build, we have raised our six month target to A\$0.72/share.



### 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](mailto: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)

### Production and Financial Forecasts

YEAR END: June	Mar-11a	Jun-11F	2010a	2011F	2012F
Exploration and evaluation (A\$m)	1.04	2.90	2.13	6.60	9.20
Corporate (A\$m)	0.57	0.35	0.94	1.68	1.40
Exploration/(Expl.+ Corporate) (%)	65	89	69	88	104
Funding duration at current burn (years)	-	-	0.6	1.3	0.0
Shares on issue (pr end) (m shares) **	273.8	317.2	195.8	317.2	317.2
Drilling - RAB (m)	10,000	30,000	10,500	60,000	72,000
Drilling - RC/Diamond (m)	10,000	15,000	18,900	36,000	48,000
Land holding ('000 ha)	500	500	410	500	500
Tenement costs (\$k per year)	-	-	-	-	-
Capital raisings (A\$m) **	1.45	2.98	2.67	17.36	0.00
Funding from JV partners (A\$m)	0	0	0	0	0
Cash (A\$m)	10.5	10.4	1.8	10.4	0.1
Cash backing (Ac/share)	3.9	3.3	0.9	3.6	0.0
Net asset backing (Ac/share)	7.3	7.2	3.4	7.9	8.2

\*\* Jun-11F shares on issue assumes 7c options fully converted in 2Q11.

### 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 calccrete U<sub>3</sub>O<sub>8</sub> resource.

**Yamarna Project (WA):** GOR's exploration focus is on the under explored remote Yamarna greenstone belt - a regional scale mineralised trend considered potentially to be WA's fifth major greenstone belt.

**Central Bore ("CB"):** Discovered in 2009. CB is a linear steeply dipping high grade carbonate narrow high grade vein system. The JORC resource is 595kt @ 7.9g/t for 150koz along an 800m strike length, to a depth of ~400m. RAB drilling indicates the mineralisation may extend up to 1.1km to the north (CB North) and 1.2km to the south. Importantly the high grade Imperial Shoot contains 57.1koz @ 23.1g/t.

**Parallel Discovery Zones:** The cluster of four additional zones discovered in the last 18 months in an area of only 6km<sup>2</sup> around CB have been a revelation that has transformed thinking about the Yamarna Belt. **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. A recent single diamond core hole (5m @ 8.28g/t) confirmed this is potentially a high grade structure wider than CB - a very significant result. Recent RAB programs indicate a potential strike length of at least 500m. The **Hann anomaly** (2.4km W of CB) is 4.3km length after soil geochem sampling. Recent shallow drilling (8,000m RC) in 2Q11 confirmed mineralisation over a 660m strike length in the S portion. **Central Bore North**, suggests the start of the next high grade zone 500m N of CB. **Byzantium**, exhibits 2 anomalies - 1km long.

**Atilla Resource (3.7km W of CB):** The 'original' resource - 917koz @ 1.44g/t - which occurs in multiple zones along a 33km strike length. GOR will go back and drill gaps and high grade shoots previously identified. Excellent potential to prove up higher grade zones, which will be drill tested 4Q11.

**Next Steps:** GOR is increasing its planned drilling from 37,000m CY10 to a planned ~100,000m in CY11. It now has three rigs operating, plus an auger rig. At **Central Bore** GOR is following up with a 50 hole RC program in the anticipation of finding additional high grade shoots to the N and S of the current CB resource, as well as confirming depth extensions of CB A recent hole (deepest to date) intersected 13m @ 40.1g/t from 426m, which is very encouraging for higher grades at depth. At **Justinian**, the second RC rig is now undertaking a follow up program to define the extent of the high grade zone. We would anticipate an initial JORC resource in early 1Q12. RAB drilling of other new target areas should produce a pipeline of targets for RC follow up in 2H11, plus drilling at Atilla targeting high grade shoots.

**Fast Track Development Potential:** GOR is undertaking scoping study assessment for potential production from CB (on site gravity processing or trucking), but likely to expand to include Justinian.

**Golden Sands (WA):** (1,500km<sup>2</sup>, gold) Largely unexplored tenements north of the **Tropicana** gold project (5Moz resource). Deep sand cover, scout drilling (1 hole) and 2 holes Dorothy Hills planned.

**Investment Comment:** The share price has already broken into our target range of A\$0.48/share to A\$0.56/share from our March Quarter Review. The key to maintaining share price out-performance for GOR will be continuing exploration success in the new target zones being drilled in 2H11, 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 revised target range of A\$0.63-A\$0.72 (fully diluted)

### Reserves and Resources/Mineralised Material

Code for reporting mineral resources - Australian:		(JORC)							
Gold	Classification	Project	Ore	Au	Cut Off	Au	Au	Au	Au Equity
		Equity	Mt	g/t	g/t	t	koz	koz	koz
<b>Reserves</b>						<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
<b>Resources</b>									
Yamarna - Atilla	Meas., Ind. & Inf.	100%	19.82	1.44	0.50	28.5	917	917	917
Yamarna - Central Bore	Meas., Ind. & Inf.	100%	0.60	7.86	1.00	4.7	150	150	150
<b>Total Resources</b>			<b>20.4</b>	<b>1.63</b>		<b>33.2</b>	<b>1,067</b>	<b>1,067</b>	<b>1,067</b>
<b>Mineralised Material (est., non compliant with JORC)</b>						<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
<b>Uranium Resources</b>									
		Project	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>	U <sub>3</sub> O <sub>8</sub>
Thatcher Soak	Inferred	Equity	100%	16.1	0.017	100	2.7	6.2	6.2

### Key Projects

Project	Ownership/Option	Metal	JV Partner	Target Type	Process Route	Project Status	Location
Yamarna - Central Bore	100%	Au	none	h.g.vein	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)

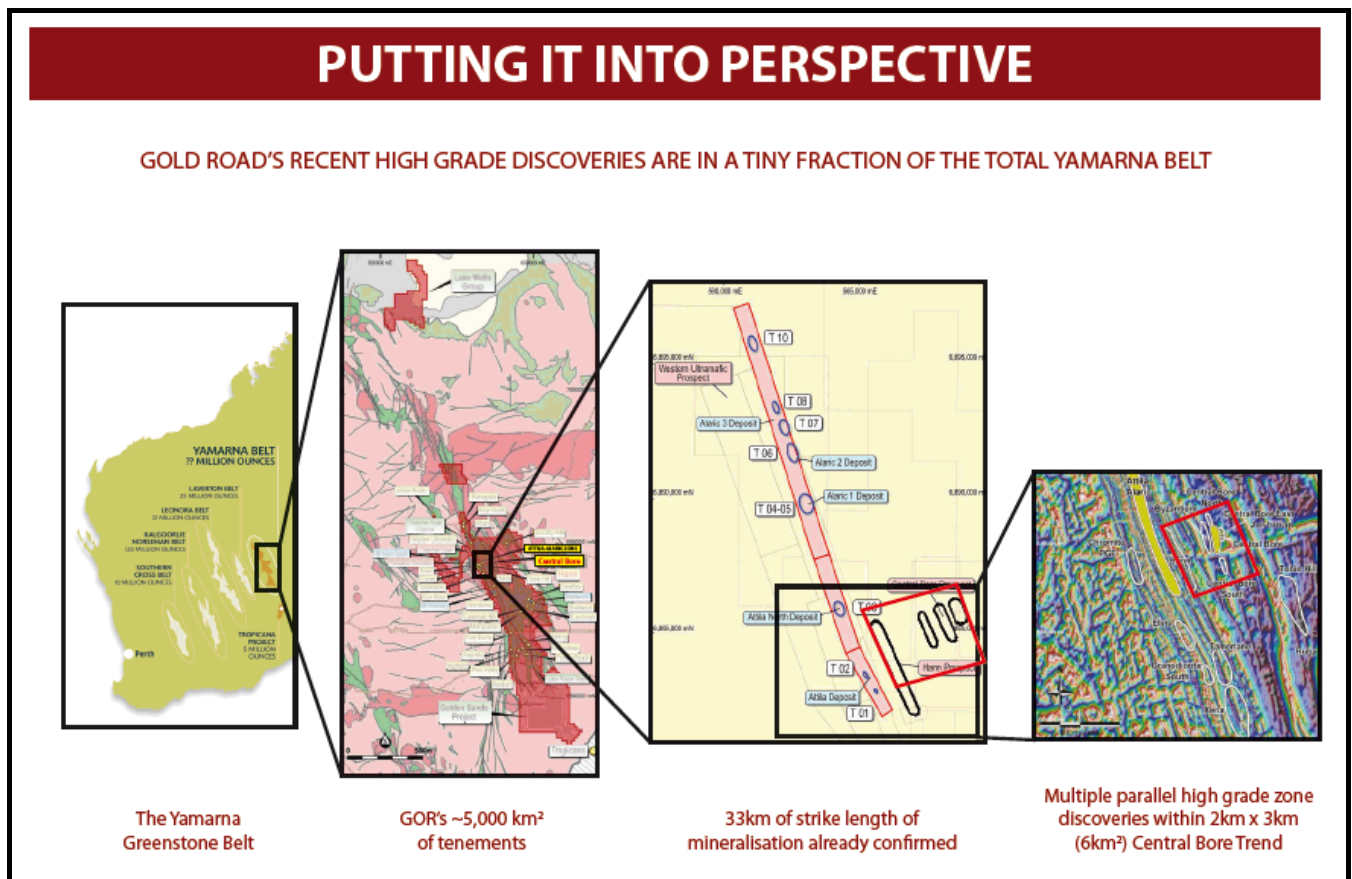
The stepped up 2H11 drilling campaign, focusing on Central Bore strike and depth extensions, Justinian, Attila high grade shoots and other parallel zones near Central Bore suggests that the upper level of our A\$0.63 – A\$0.72/share target valuation range could be coming into focus if the good results keep flowing.

**GOLD ROAD RESOURCES LIMITED - VALUATION**

Projects	Equity	Target Gold Resource (moz)	Valuation Range		
			Low * A\$m	Mid** A\$m	High ^ A\$m
+ Atilla existing resource (current 0.92Moz valued @ A\$50-A\$60/oz)	100%	0.92	45.9	55.0	55.0
+ 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%		<b>30.0</b>	<b>56.3</b>	<b>75.0</b>
+ 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%		30.0	40.0	50.0
+ Other Exploration (Uranium potential, Golden Sands Au)	100%		2.0	3.0	5.0
<b>Sub Total</b>			<b>141.0</b>	<b>194.9</b>	<b>225.6</b>
+ Cash (est Jun '11)			10.4	10.4	10.4
- Debt (est. Jun '11)			0.0	0.0	0.0
<b>Sub Total</b>			<b>10.4</b>	<b>10.4</b>	<b>10.4</b>
<b>GOR NET ASSET VALUE</b>			<b>151.4</b>	<b>205.3</b>	<b>236.0</b>
<b>Capital Structure</b>					
Shares - 30 June 2011F (m) ^^			317.2	317.2	317.2
Fully Diluted Shares (m)			334.8	334.8	334.8
<b>GOR NET ASSET VALUE PER SHARE</b>	<b>:A\$/share</b>		<b>0.48</b>	<b>0.65</b>	<b>0.74</b>
<b>GOR NET ASSET VALUE DILUTED</b>	<b>:A\$/share fully diluted</b>		<b>0.47</b>	<b>0.63</b>	<b>0.72</b>

\* Low valuation assumes little 2H11 exploration success - new high grade parallel discovery zones valued at 100% of Central Bore valuation.  
 \*\* Mid valuation assumes modest 2011 exploration success - new high grade parallel discovery zones valued at 50% premium to Central Bore valuation.  
 ^ High valuation assumes continued 2011 exploration success - multiple new high grade parallel discovery zones valued at a 100% premium to Central Bore.  
 ^^ Shares on issue assumes 100% conversion of June 2011 A\$0.07 options by 30 June 2011.

The longer term upside for GOR is underlined by the fact that 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)