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**WEEKLY RESOURCE REPORT** by Gavin Wendt



ISSUE 36

24th August, 2011



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## Gold Road Resources (GOR) – Hold around \$0.51

Advanced gold explorer that is generating outstanding, high-grade drilling results from its Yamarna Project in WA. The project hosts more than 1M ounces of gold and is shaping up as an outstanding new gold belt.

### Corporate Details

Status: Advanced Explorer  
 Size: Small Cap  
 Commodity Exposure: Gold  
 Share Price: \$0.51  
 12-month Range: \$0.083 - \$0.84  
 Shares: 311m, Options: 19m  
 Top 20: 37%  
 Net Cash: \$9.8m  
 Market Value: \$159m



	Rating (✓out of 5)
Management Quality	✓✓✓✓
Financial Security	✓✓✓✓
Project Quality	✓✓✓✓✓
Exploration / Resource Potential	✓✓✓✓✓
Project Risk	✓✓✓✓✓

Gold Road has managed to consistently generate outstanding gold exploration results since our initial coverage way back in MLW Issue 1 on 15<sup>th</sup> December last year. In fact, the company has generated some of the best gold drilling results in Australia in recent memory, with exceptionally high gold grades being the key. The company’s exploration achievements cannot be overemphasized.

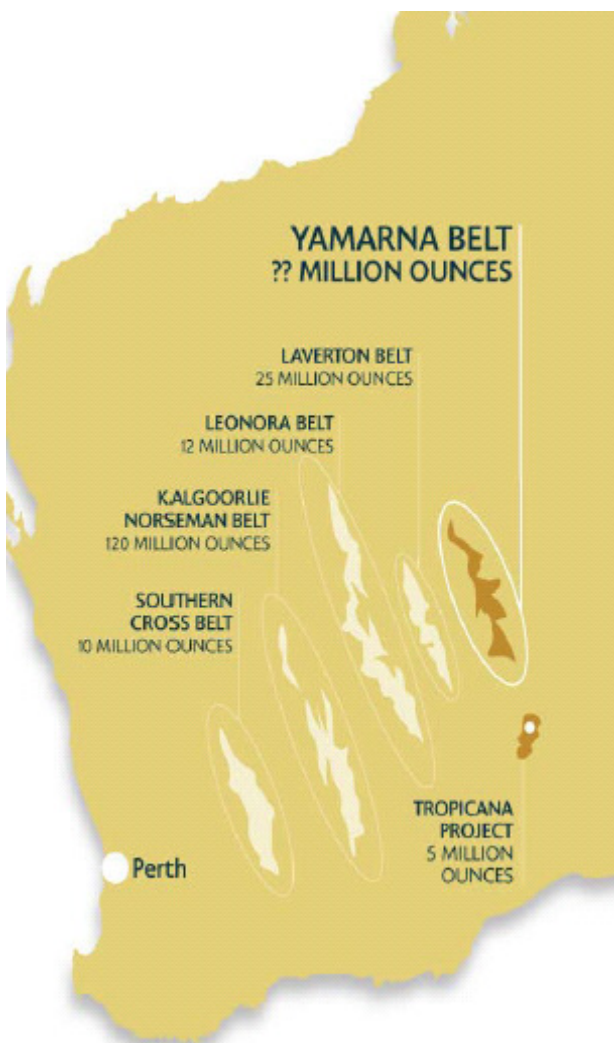
The company’s exploration achievements so far from its Yamarna gold project in Western Australia have every chance of establishing the Yamarna belt as perhaps the fifth major gold-producing belt in Western Australia’s Eastern Goldfields. Not only is Yamarna shaping up in terms of size, but most importantly the grades that Gold Road is now generating are amongst the best seen in an Australian gold project for several decades.

What makes Gold Road’s exploration achievements even more special is that they have occurred against a background of, it must be said, relative mediocrity in terms of grassroots exploration achievements within the Australian resource sector. Given the vast sums of exploration dollars that have been raised by companies over the past decade, there is precious little to show for it in terms of greenfields discoveries. Gold Road’s Yamarna project and Independence-Anglogold’s Tropicana project are the exceptions.

This excitement was reflected in the first-ever resource estimate for the company's relatively new Central Bore Trend area at Yamarna. The initial estimate revealed a combined Measured, Indicated and Inferred Resource for the Central Bore deposit of 150,300 contained ounces of gold. But the key here was the outstanding grade, comprising 595,000 tonnes @ 7.9 g/t Au.

The Yamarna project area has never lacked scale, both in terms of acreage size and also tonnage, with the historic Yamarna Resource comprising 19.8 million tonnes @ 1.44 g/t Au for 917,000 ounces of contained gold (using a 0.5 g/t cut-off).

What the project has however lacked has been sex appeal. But the high-grade sniffs that the company is now generating have changed all that. Most importantly too, these higher-grades will inevitably enhance the project's development potential. This is crucial at Yamarna, as it's the most easterly-located (i.e. the furthest) of all of the gold belts from the regional mining centre of Kalgoorlie.



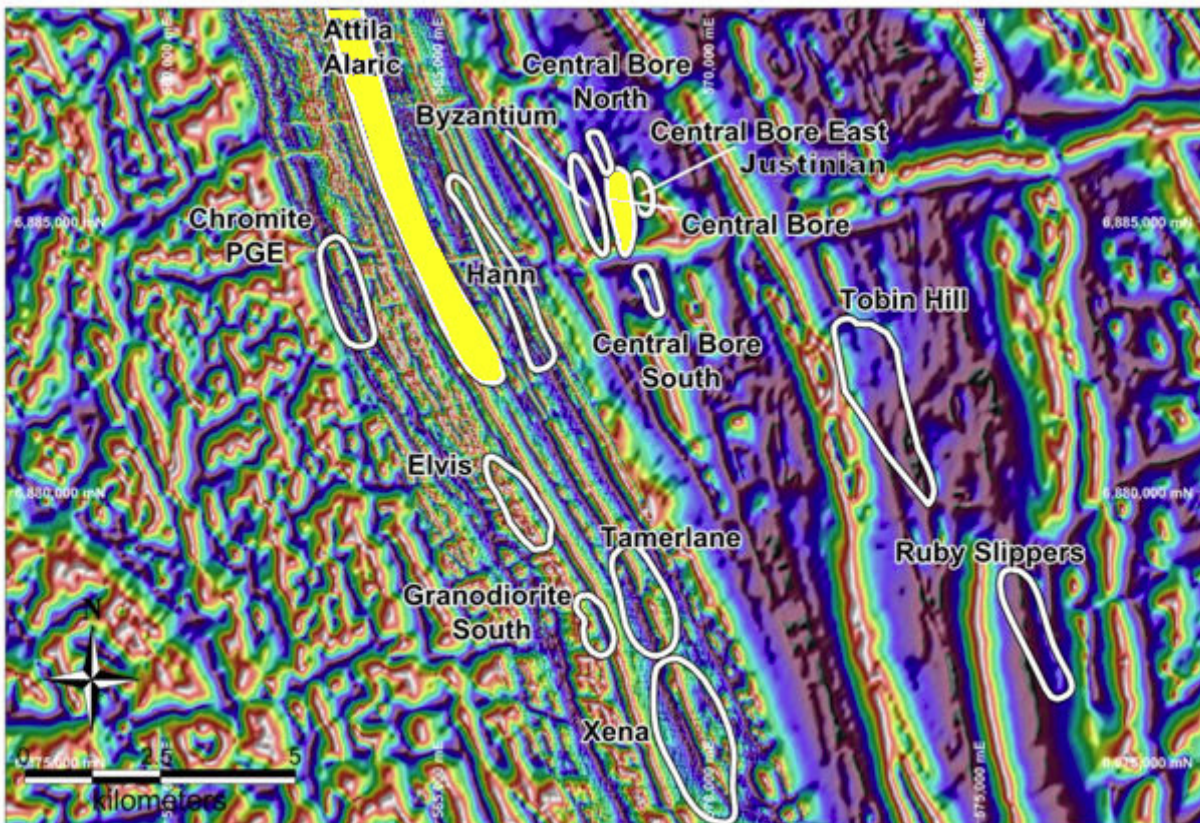
This means that establishing and operating a gold mine at Yamarna will, for all intents and purposes, be more costly than elsewhere in Western Australia's goldfields. As a result, grade is crucial in terms of enhancing potential returns by offsetting higher operating charges.

Fortunately, high grades are exactly what Gold Road is now generating. Encouragingly too, there are even higher-grade zones within the current Central Bore resource base, with the Imperial Shoot for instance containing 77,000 tonnes @ 23.1g/t Au for 57,100 ounces.

The Yamarna Belt lies 150km east of Laverton on the eastern edge of the Yilgarn Craton. The Yamarna Belt, which is located adjacent to the 500km long Yamarna shear zone, is a historically under-explored region. As the map shows it lies not far north of the emerging 5 million-ounce Tropicana deposit, jointly-owned by AngloGold-Ashanti/Independence Group.

We commented a while back that the company's encouraging high-grade drilling results were just the tip of the iceberg as far as the company's regional exploration picture was concerned. Our view has been reinforced by the company's recent drilling results, which have returned outstanding grades of gold mineralisation. For example, recent results include a true-width intercept of 4 metres @ 40.1g/t Au from 426 metres depth, including 1 metre @ 480g/t Au, from the deepest hole drilled to date at Central Bore.

This intercept lies below the Imperial Shoot, approximately 400 metres below surface and 75 metres below the previous deepest gold intercept in the shoot. Abundant visible gold was reportedly panned off from the mineralised samples.



Significantly, results from the Justinian prospect, located 200m east of Central Bore, suggest that Justinian is a parallel gold system to the 800-metre long Central Bore Trend. Justinian currently measures 500 metres in length and remains open to the north and the south, as well as at depth.

Gold Road intends to test these extensions as part of its current aggressive drilling program. Interestingly too, further gold mineralisation has been detected between Central Bore and Justinian, possibly indicating the existence of additional mineralised trends.

A number of significant gold values have been received from the latest 45-hole RC drilling program at Justinian, including 3 metres @ 7.24 g/t Au from 120 metres (including 1 metre @ 19.2 g/t Au); 2 metres @ 6.32 g/t Au from 87 metres (including 1 metre @ 11.4g/t Au); and 2 metres @ 5.88 g/t Au from 81 metres (including 1 metre @ 10.8g/t Au)

Meanwhile at Central Bore, a seven-RC hole program returned significant intercepts that included 1 metre @ 29 g/t Au from 333 metres and 1 metre @ 3.81 g/t Au from 275 metres.

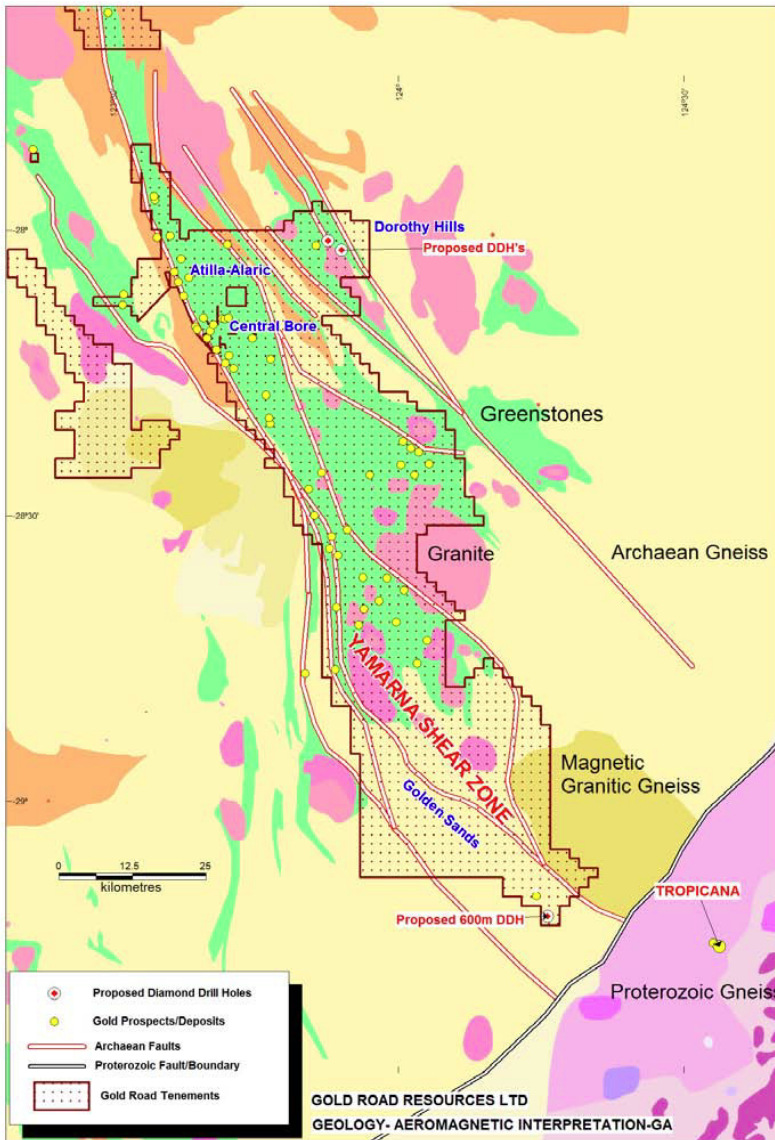
Another prospect to undergo drill-testing is Hann, where nine RC holes were drilled that returned significant results including 8 metres @ 3.05 g/t Au from 44 metres (including 4 metres @ 5.4 g/t Au). The purpose of the RC drilling program at Hann is to test the southern 2.4km-long gold-in-soil anomaly. So far, gold has been intercepted in all six of the 500-metre long drilled lines in multiple

zones over the total 660-metre strike length at Hann.

The Yamarna region is a first-class exploration address and an exciting ride lies ahead as more results from the balance of the company's exploration drilling program begin to filter through. These results will also help take the company to the next level in terms of justifying its market value, by underwriting a significant resource upgrade.

Gold Road has so far completed around 67,000 metres out of the anticipated 150,000-metre drilling program budgeted for its Yamarna project during 2011.

Gold Road has been granted \$177,500 in state funding to drill the regional crustal structures at Dorothy Hills and Golden Sands that are generally associated with major gold districts in greenstone belts.



During the June 2011 quarter, Gold Road spent a total of \$2.362 million on exploration and evaluation, representing 77% of total expenditure for the period. For the September quarter the company anticipates exploration and evaluation spending of \$2.5 million, which represents 83% of estimated total expenditure for the coming quarter.

I'm extremely pleased with Gold Road's exploration progress so far. Not surprisingly, with so many targets in the vicinity of the Central Bore Project, the company has fast-tracked its development schedule. The high-grade results and the large tonnage potential easily justify the premium on which the company trades compared to many of its gold sector peers.

**I maintain a Hold recommendation on Gold Road Resources.**

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