

## Gold Road Resources (GOR) – Hold (Original Buy @ 38c)

An exciting gold explorer that is generating high-grade drilling results from its Yamarna Project in Western Australia. The pre-existing JORC resource of 917,000 oz has just been upgraded with higher-grade results.

### Corporate Details

Status: Advanced Explorer  
 Size: Small Cap  
 Commodity Exposure: Gold  
 Share Price: 44c  
 12-month Range: 8.3c – 55c  
 Shares: 271m, Options: 63m  
 Top 20: 37%  
 Net Cash: \$11m  
 Market Value: \$119m



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

Over recent weeks I've focused heavily on GOR and for good reason, given the company's exploration achievements at its Yamarna gold project in Western Australia. As I've previously discussed, GOR has generated some of the best Australian gold exploration results in recent memory, with high grades being the key.

We've been keenly awaiting the release of an initial resource estimate for the company's new central Bore Trend area at Yamarna and I'm pleased to say that the results, which were announced late last week, haven't disappointed. The combined Measured, Indicated and Inferred Resource for the Central Bore deposit totals 595,000 tonnes grading 7.9 g/t Au for a total of 150,300 contained ounces.

As I commented in last week's report, I had anticipated an initial resource at Central Bore in the vicinity of 100,000 to 150,000 oz, with the key issue being the robustness of the gold grade. Would it live up to the market's lofty expectations? Encouragingly, the resource is well and truly at the top end of expectations and importantly has demonstrated a very robust gold grade.

The resource is so far defined along an 800 metre strike length to a depth of approximately 400 metres below surface. The gold-bearing shear zone is known to extend over an 800 metre strike length, is sub-cropping on the northern extent and remains open at depth and down-plunge.

With the previous Yamarna Gold Resource comprising a combined 19.8 million tonnes @ 1.44 g/t Au for 917,000 ounces of contained gold (using a 0.5 g/t cut-off), the revised Yamarna resource inventory is now well over 1 million ounces. The majority of the Central Bore resource estimate has been classified as Indicated and Inferred, whilst a small near-surface portion on the northern extent and located over the main high-grade (Imperial) shoot has been classified as Measured, as it's been densely drilled.

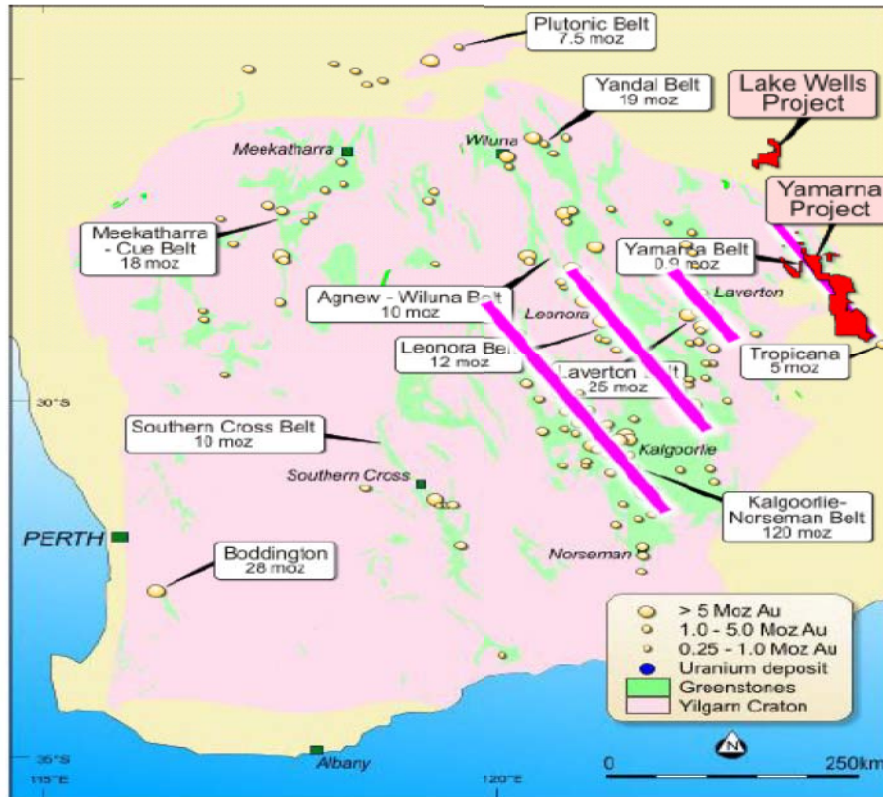
**Table 1:** The Mineral Resource inventory for the Central Bore Project as at March 2011. Note: rounding errors may occur.

<b>2011 Central Bore Tonnes and Grade at various lower cut-off's by Resource Classification</b>									
Central Bore (GoldRoad 100%)	Inferred			Indicated			Measured		
	Tonnes	Au (g/t)	Au (oz)	Tonnes	Au (g/t)	Au (oz)	Tonnes	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

<b>2011 Central Bore Tonnes and Grade at various lower cut-off's for combined Mineral Resource</b>			
Central Bore (GoldRoad 100%)	Tonnes	Grade	Ounce
	(T)	Au (g/t)	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	12.40	120,700

Encouragingly too, there are even higher grades zones within the resource base, with the high-grade Imperial Shoot containing 77,000 tonnes at 23.1 g/t Au for 57,100 ounces. From the modelling and structural studies of the diamond core, a steep sub-vertical high-grade shoot plunge has been confirmed at the Imperial Shoot.

GOR considers it likely that additional high-grade shoots exists along the Central Bore trend, so further closed-spaced and deep drilling at Central Bore and also along strike is likely to lead to the discovery of additional high-grade shoots, as well as an increase in the current resource base.



In terms of the construction of the resource model itself, GOR has utilised 129 RC holes for 18,957 metres on nominal 40 metre sections, as well as seven diamond holes for 2,053 metres, which were used to confirm the true width of the mineralisation. Importantly too given the high-grade nature of the mineralisation, infill drilling between the 40 metre sections was undertaken to better understand gold grade variability. This enhances confidence in the Central Bore resource’s geological continuity.

**Table 2:** The Mineral Resource inventory for the Total Yamarna Project including Attila and Central Bore Projects as at March 2011. Note: rounding errors may occur.

2011 Attila/Central Bore Tonnes and Grade by Resource Classification - Yamarna Project												
Deposit	Inferred			Indicated			Measured			Total		
	Tonnes	Au (g/t)	Au (oz)	Tonnes	Au (g/t)	Au (oz)	Tonnes	Au (g/t)	Au (oz)	Tonnes	Au (g/t)	Au (oz)
Attila (0.5g/t Au Cut-off)	7,117,000	1.41	322,000	6,251,000	1.36	273,000	6,449,000	1.55	322,000	19,817,000	1.44	917,000
Central Bore (1.0g/t Au Cut-off)	238,000	4.78	36,600	333,000	9.43	101,000	24,000	16.67	12,700	595,000	7.86	150,300
<b>Total</b>	<b>7,355,000</b>	<b>1.52</b>	<b>358,600</b>	<b>6,584,000</b>	<b>1.77</b>	<b>374,000</b>	<b>6,473,000</b>	<b>1.61</b>	<b>334,700</b>	<b>20,412,000</b>	<b>1.63</b>	<b>1,067,300</b>

I’m extremely pleased with the results generated so far. Not surprisingly, with so many targets in the vicinity of the Central Bore Project, GOR is preparing to fast track its development schedule. And given the relatively high gold grades, a prospective mining operation promises to be a low operating cost affair.

**I maintain a Hold recommendation on GOR. The Yamarna region is a first-class exploration address and an exciting ride lies ahead in 2011 as GOR really cranks up its exploration drilling program.**