

# Gold Road Resources Limited (ASX: GOR)

SPECULATIVE BUY

SHARE PRICE: A\$0.205

## High grade drilling results confirm Alaric 3 as the optimum starter pit

### RECOMMENDATION

We continue to recommend Gold Road as a Speculative Buy. The unexplored Yamarna Belt provides almost unparalleled exploration upside for a gold explorer in Australia. The drill results announced today are some of the best reported for some time and are a very positive step in building the company's resource base and its plans to move into production by 2014.

### KEY POINTS

- Gold Road today announced further high grade drilling results from the Alaric 3 deposit on the Attila Trend.
- Best intercepts included :
  - 5m @ 8.12g/t (incl. 1m @ 30.63g/t) from 11m
  - 5m @ 7.74g/t (incl. 1m @ 33.49g/t) from 69m
  - 5m @ 6.11g/t (incl. 1m @24.90g/t) from 37m
  - 5m @ 5.08g/t (incl. 1m @19.86g/t) from 18m
- There were also a large number of intersections, ranging from 1m to 6m, at grades of between 2.5g/t and 10.1 g/t, all at depths of less than 100m. These results are significantly higher than the average 1.44g/t Attila resource grade.
- These drilling results will result in the re-optimisation of the open pit design.
- Alaric 3 remains open to the north and south and at depth.
- Cross sections show excellent down-dip continuity of the main ore body, as well as several parallel structures.

### SUMMARY OPINION

- The results are part of a recently completed 7,000-metre resource definition and expansion drilling programme at Alaric 3. The objective of the drilling along the Attila Trend is to identify additional higher-grade resources and tonnage to supplement the planned production from the high grade Central Bore Project as well as increasing the overall resource with the aim of building towards a larger tonnage operation. Gold Road expects to announce an updated resource in the third quarter of 2012.
- The drilling results support plans to develop the first open pit at Alaric 3, confirming earlier indications that Alaric 3 is the optimal first open pit due to its higher grades (as compared to the global resources average), shallow mineralisation and low stripping ratios.
- Good progress is being made on the scoping study, which is expected to be completed in Q3 2012. A positive scoping study is likely to be followed by a full feasibility study which, if successful, could see Gold Road in production by 2014.
- Based on a blend of lower grade open pit ore and high grade underground ore, a 250,000tpa plant could yield 45,000-50,000 ounces of gold per annum. Total gold recovery is expected to be at the mid-90% level; bench scale metallurgical test work suggests that up to 50% of the gold could be recovered through a gravity circuit.

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