



Gold Road Resources SPECULATIVE BUY

Current Price: **\$0.40**

Ticker: **GOR**
Sector: **Materials**

Shares on Issue (m): **390.0**
Market Cap (\$m): **154.0**
Cash (\$m): **23.0**
Enterprise Value (\$m): **131.0**

52 wk High/Low: **\$0.84** **\$0.29**
12m Av Daily Vol (m): **1.75**

Directors:

Ian Murray Executive Chairman
Ziggy Lubieniecki Executive Director
Russel Davis Non-Executive Director
Kevin Hart Non-Executive Director
Martin Pyle Non-Executive Director

Substantial Shareholders:

Directors 7.7%
HSBC Nominees 3.8%

Share Price Graph



Analysts:
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13 February 2012

Central Bore Resource update

Event:

Gold Road Resources (GOR) announced an independent Resource update at Central Bore and the results from an independent Scoping Study. The updated Resource is 152koz @ 9.1g/t. Maiden Resource at Justinian is pending, following further structural interpretation.

In-fill drilling is ongoing at the Attalia trend, where the Company has identified opportunities of adding higher grade material to the existing 917koz @ 1.4g/t inventory.

Impact:

Neutral

The updated Resource is a 1% increase over the previous maiden Resource of 150koz in terms of ounces, however the grade has improved by 16% to 9.1g/t.

A Scoping Study has been completed by Optiro, based on ~22kozpa production, 95% metallurgical recovery, 4 year mine life, \$7.1m capex, third party toll treating at Laverton (~150km away).

GOR has a 150,000m, \$18m drilling budget and a cash position of ~\$23m.

View:

Positive

GOR is taking the path to concurrently develop Central Bore and conduct extensive regional exploration. The recent appointment of the Developer Manager Gordon Murray should expedite the development process.

While the overall ounces from the Resource update was more modest than anticipated, Argonaut notes ongoing exploration success in identifying numerous early stage targets in the Yamarna Greenstone Belt.

Near term catalysts include:

- Ongoing drilling results at Attila, Central Bore and other regional targets
- Potential maiden Justinian Resource
- Potential Resource upgrade at Attila

Recommendation:

Spec Buy

GOR's land holding in an under-explored, prospective greenstone belt is virtually unmatched in the junior gold space in Australia.

The Company's premium over its peers is arguably justified by the 'blue sky' exploration potential, the dominant tenement holding in the Yamarna Belt, and management's robust marketing efforts.



Central Bore Resource update

Gold Road Resources (GOR) announced a Resource update at Central Bore independently completed by Ravensgate. The update Resource is 152koz @ 9.1g/t using a lower cut off grade of 1.0g/t.

Central Bore Resource updated to 152koz @ 9.1g/t...

Table 1: Updated Central Bore inventory

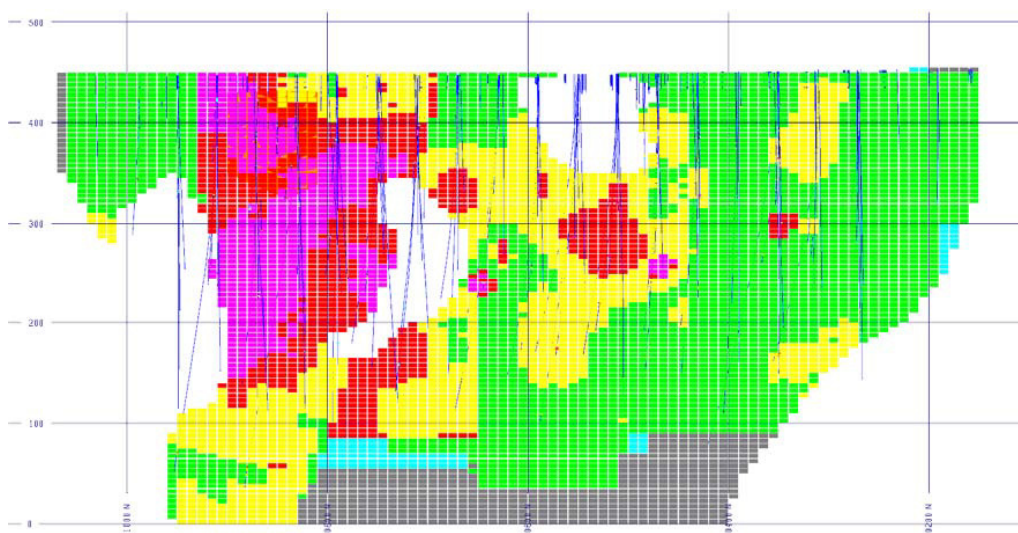
Resource Statement								
	Measured		Indicated		Inferred		Total	
	g/t	koz	g/t	koz	g/t	koz	g/t	koz
Central Bore	22.4	16	8.9	128	5.3	9	9.1	152

Source: GOR

...similar to previous maiden Resource of 150koz @ 7.9g/t

The new estimate is similar to the previously completed maiden Resource of 150koz @ 7.9g/t. Given the significant amount of drilling completed since the maiden Resource, 94% of the Resource now resides in the Measured and Indicated categories.

Figure 1: Long section, updated block model of Central Bore



Source: GOR

Central Bore Scoping Study

Scoping Study outlining potential third party toll treatment option

An independent Scoping Study has been completed by Optiro, based on ~22kozpa production, 95% metallurgical recovery, 4 year mine life and \$7.1m capex.

The study was based on a third party toll treatment option at Laverton, ~150km away. Potential mills with latent capacity include Crescent Gold's (CRE) 1.5Mtpa mill and Stone Resources' (SHK) 300ktpa BrightStar gold plant.

Notably, the Study was completed on the previous Maiden Resource of 150koz @ 7.9g/t. The improved grades at Central Bore should help improve project economics.



Exploration update

\$18m, 150km, 3 rig drilling budget...

Exploration activities are ongoing with 3 rigs drilling. GOR has allocated an \$18m, 150,000m drilling budget.

The current drilling program is focusing on the delineation of additional / higher grade ounces within the 33km Attila Trend. Given that most of the historical drilling has been shallow (rarely >100m), and significant gaps exist between deposits, there is scope to add ounces and delineate higher grade material.

Early stage exploration has identified a list of new targets including Dead Dog, Koopman's Find, Tatar and VTEM.

...identified gold hosted in quartz veins at surface...

The identification of coarse gold in quartz veins at surface at the Koopman's Find prospect is particularly encouraging.

Koopman's Find is located ~1km north of the Dead Dog Prospect, within the Tobin Hill area.

Figure 2: Free gold panned at Koopman's Find

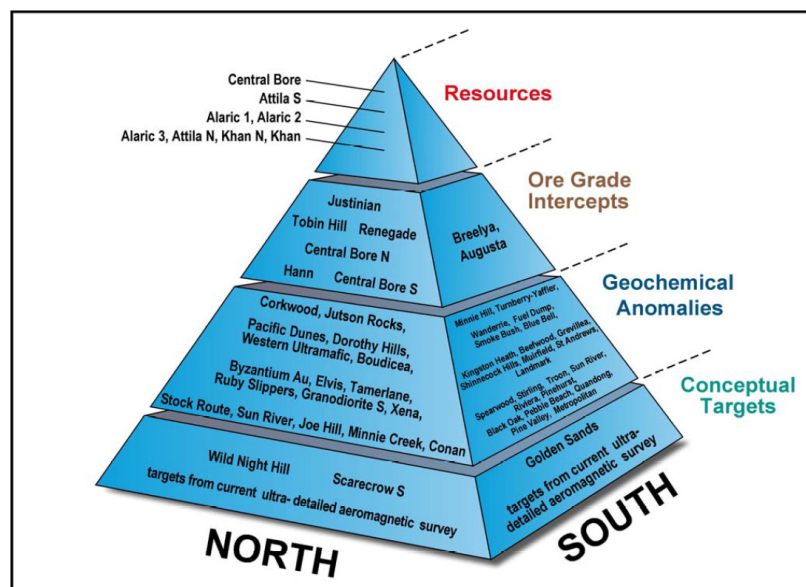


Source: GOR

Over the past few months GOR's exploration efforts has been rewarded with the generation of a pipeline of exploration targets.

...a pipeline of exploration target

Figure 3: GOR's exploration pipeline



Source: GOR

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