

SPECULATIVE BUY

10 February 2012

Company Data

ASX Code	GOR
Market Cap (fully diluted, A\$M)	189.6
Share Price (A\$)	0.465
Shares on Issue (m)	390.0
Options on Issue (m)	17.8
52 Week Hi Lo (A\$)	0.29-0.84
Cash at Bank (31 Dec 2011) (A\$M)	23.1
Net Debt	Nil

Resources

	Mt	g/t	Au ozs
Central Bore	0.5	9.1	152,300
Attila	19.8	1.4	917,000
Total JORC Resources	20.4	1.6	1,069,300

Share Price Performance



Board & Management

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

Major Shareholders

HSBC Nominees	10.1%
Directors	6.9%
JP Morgan Nominees	3.2%

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CENTRAL BORE UPDATED RESOURCE AND SCOPING STUDY

EVENT: MARKET UPDATE

- Gold Road today announced an updated resource and scoping study for its Central Bore Project. There was little change to the resource, which may be disappointing to some, but was expected. The scoping study, based on toll treatment processing, confirmed financial and technical viability of Central Bore as a stand-alone 'truck and treat' operation.
- More details of the resource update are shown below. Essentially, little has changed in the magnitude (slightly lower tonnage, improved grade), but additional drilling has improved confidence levels.

KEY POINTS

- Updated resource of 519,000t at 9.1 g/t for a total of 152,323 ounces. (previously 595,000t at 7.9g/t for 150,300 ounces).
- Measured and indicated resources now account for 143,429 ozs (94%) of total resources (previously 113,700 ozs or 76%).
- Imperial Shoot now has resource of 164,800t at 19.2g/t for 101,738 ounces.
- Scoping study based on toll treatment processing option, confirmed financial and technical viability of Central Bore as a stand-alone 'truck and treat' operation.
- The study envisages total mining tonnage of 380,000t at 7.7g/t over a four year period.
- A low up-front capital cost estimate of \$7.1m.
- Estimated transport and toll treatment costs over the life of mine are estimated at \$32m. The company is therefore assessing the possibility of building a small (~250,000tpa) plant that could treat Central Bore ore and additional resources from the Attila trend. This would require greater upfront capital and therefore increases overall risk.

SUMMARY OPINION

- The scoping study suggests that just below 90,000 ounces of gold could be produced over a four year period (380,000t at 7.7g/t and recovery of 95%). We estimate total cash costs of around A\$1,000/oz, providing a solid operating margin, made more attractive by a very small capital cost. The company has suggested an operating surplus (before tax, undiscounted) of around \$43m, assuming a ~7m upfront capex and a gold price of ~1,600/oz. This is a small but very low-risk production entry, which should provide cash flow to fund additional exploration.
- **This is definitely a step in the right direction.** The challenge is now to convert anomalies and exploration drilling into further resources and ultimately mining inventories. **We continue to maintain a SPECULATIVE BUY rating.**

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