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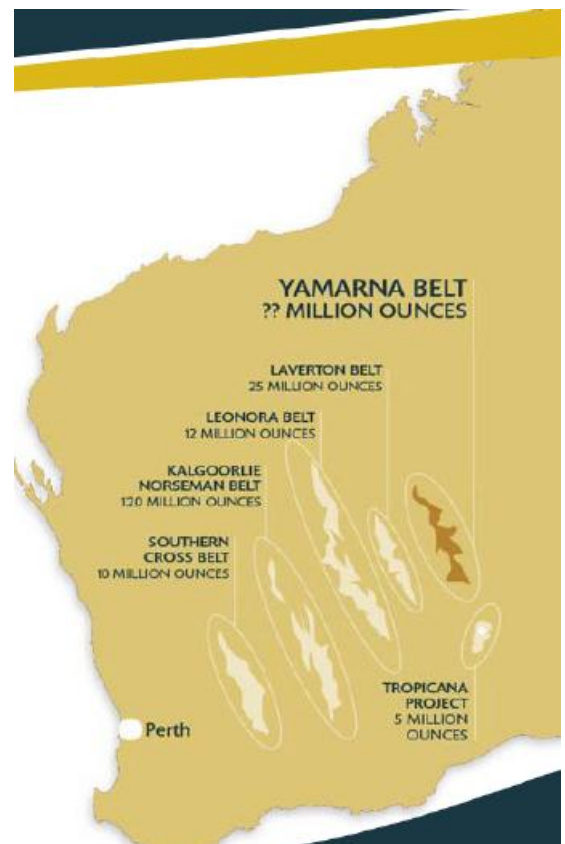
Morning Report

Gold Road Resources Ltd (GOR.ASX) – Significant resource growth potential at Yamarna

Today's Top Picks

Gold Road Resources Ltd (GOR.ASX, Mkt Cap ~A\$135m, Cash ~A\$25m) - Aggressive exploration program likely to lead to significant resource growth along the underexplored Yamarna Gold Belt.

- We recently caught up with management from GOR for an update on activities at their exciting Yamarna Gold Project in Western Australia.
- The project encompasses a large 5,000sqkm landholding which stretches >200kms along the underexplored Yamarna Greenstone Belt in Western Australia, which is touted to be WA's newest and 5th gold belt. Nearby belts include Southern Cross (10Moz), Kalgoorlie (120Moz), Leonora (12Moz) and Laverton (25Moz). We also note that IGO's Tropicana Project (5Moz) is directly south of GOR's Yamarna Project.
- The Company is currently focussed on drilling across two key trends including:
 - **Attila Trend** which extends for >33kms and is host to an existing JORC resource of ~900koz at 1.4g/t Au; and
 - **Central Bore Trend** which is host to numerous targets including the high grade Central Bore Project which has an existing resource of ~150Koz at 7.9g/t Au ... Other targets within the 6sqkm Central Bore Trend include Justinian, Central Bore North, Central Bore South, Byzantium and Hann where soil geochem has indicated similar characteristics to the Central Bore deposit.
- GOR has been very active in 2011 and will have drilled >150,000m by the end of 2011 (138,000m drilled to date) with 3 rigs currently on site. It is likely that this level of drilling will be exceeded in 2012 as the Company targets resource upgrades at Central Bore and Attila together with a maiden resource estimate at Justinian which appears to be a parallel trend just 200m east of Central Bore.
- Drilling results have impressed with some of the more notable hits including:
 - 13m @ 40g/t Au (Central Bore);
 - 7m @ 27g/t Au (Justinian); and
 - Assays of up to 1,000g/t Au (Central Bore).
- Near term catalysts include a resource upgrade at Central Bore and Scoping Study in early 2012.
- GOR's business plan centres on early stage production at Central Bore to deliver cash flow which will fund an ongoing and aggressive exploration program at other regional targets with the objective being to build a sufficiently large mining inventory to justify a stand-alone operation with feed being sourced from a range of deposits. A Scoping Study is expected to be released in early 2012 highlighting the parameters for the early stage operation commencing in early 2013 and likely treated via a 'truck and toll' operation to nearby Laverton, reducing the capex for this stage. Management are also studying the alternative path of building a small scale plant at site (i.e. 100ktpa, but scaleable) to process the ore from Central Bore.



- GOR's exploration and feasibility program is now fully funded following a recent \$23m equity issue which has reset the register with quality international institutions (30% of register). The budget in 2012 is for \$18m to be spent on exploration and \$5m on scoping/feasibility work.
- GOR is currently trading at an EV/oz of ~\$100, in line with other gold explorers. However this type of valuation methodology is somewhat misleading for GOR given the majority of the valuation upside is in the resource growth expected with <1% of the Yamarna Project area explored to date but having already delivered >1Moz and 6 new discoveries in the last 24 months. The Scoping Study will enable preliminary modelling of the early stage operation in conjunction with a exploration upside.
- We believe GOR offers exposure to significant exploration upside together with a focus on generating early stage cash flow starting in 2013. We note GOR is the first company to conduct a systematic exploration program across the Yamarna Belt.

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