

# GOR.AU

8 December 2010  
 Gold, Uranium  
 Australia (WA)  
 Advanced Exploration  
 Exchanges: ASX:GOR

## Gold Road Resources Limited

A\$ 0.42

**Gold Road Resource's (formerly Eleckra Mines) exciting high grade discoveries in the relatively unexplored and remote Yamarna greenstone belt in WA's E goldfields confirm Yamarna has the potential to be the fifth major gold-containing Archean greenstone belt in WA.**

### Capital Profile

Share price (A\$)	0.42
52 week range (A\$/share)	0.08 to 0.55
Number of shares (m)	257.8
Options and warrants (m)	72.4
Convertible notes (m)	0.0
Fully diluted (m)	330.3
Market capitalisation (undiluted) (A\$m)	107.0
Debt (A\$m) - Dec 10F	0.0
Enterprise value (A\$m)	107.0
Major shareholders: Directors (7.1%), Perth Select Seafood (4.0%), Geiger Counter Fund (3.1%), HSBC Nominees (3.0%).	
Avg monthly volume (m)	42
Cash (A\$m) - Dec 10F *	10.2
Price/Cash (x)	10.5
Price/Book (x)	5.7
Company options:	GORO

\* Dec '10 forecast cash includes recent placement @ A\$0.34 to raise A\$9m

### Investment Points

GOR's focus is gold in Western Australia. Exploration budget increasing strongly to ~A\$9mpa.

Strategic position (~4,100km<sup>2</sup>) in remote under-explored Yamarna greenstone belt in Yilgarn Craton.

Yamarna (Attila-Alaric) gold resource 749koz Au near surface - many untested targets along 33km strike.

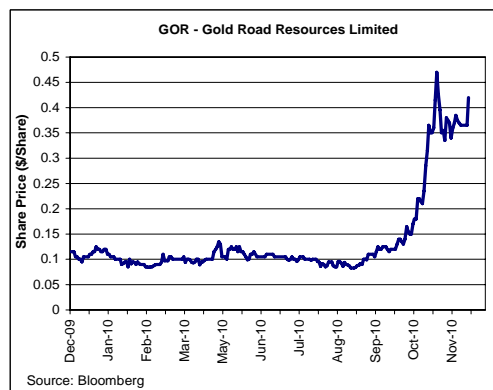
High grade discovery Central Bore at least ~1,100m long zone. New parallel zones discovered.

Initial JORC resource statement for Central Bore 1Q11: ~150koz at 10-15g/t? Potential fast track production.

Drilling of Justinian and Hann points to a cluster of high grade zones, could be more significant than C. Bore.

Numerous additional major Au anomalies to be drilled.

With the Central Bore JORC resource imminent and major targets to be drilled 1H11, our revised six month target range is **A\$0.41/share - A\$0.51/share**.



### Production and Financial Forecasts

YEAR END: June	Sep-10a	Dec-10F	2010a	2011F	2012F
Exploration and evaluation (A\$m)	1.50	1.00	2.13	6.75	9.00
Corporate (A\$m)	0.37	0.35	0.94	1.32	1.40
Exploration/(Expl.+ Corporate) (%)	80	74	69	92	104
Funding duration at current burn (years)			0.6	1.3	0.0
Shares on issue (pr end) (m shares) **	224.8	257.8	195.8	319.5	319.5
Drilling - RAB (m)	17,000	3,000	10,500	45,000	50,000
Drilling - RC/Diamond (m)	1,000	10,000	18,900	31,000	50,000
Land holding ('000 ha)	410	410	410	410	410
Tenement costs (\$k per year)	-	-	-	-	-
Capital raisings (A\$m) **	2.47	9.44	2.67	16.80	0.00
Funding from JV partners (A\$m)	0	0	0	0	0
Cash (A\$m)	2.5	10.2	1.8	10.3	0.1
Cash backing (Ac/share)	1.1	4.0	0.9	3.6	0.0
Net asset backing (Ac/share)	4.5	7.3	3.9	8.0	8.2

\*\* FY11 shares and capital raising assumes 7c options converted 2Q11 raising A\$4m.

### Company Comment

**Overview:** GOR listed on the ASX July '06 as Eleckra Mines Ltd. Its focus is the Yamarna greenstone belt where it has established a 749koz gold resource, and a 6.2mlb shallow calcrete U<sub>3</sub>O<sub>8</sub> resource.

**Yamarna Project (WA):** (3,000km<sup>2</sup>, gold) GOR's exploration focus is on the Yamarna shear zone - a regional scale mineralised trend considered prospective for multi-million ounce discoveries. GOR's 749koz (1.78g/t) resource occurs in the **Attila-Alaric zone** along a 33km strike length.

**Central Bore ("CB"):** (3.7km E of Attila). CB was discovered in 2009 after drilling a RAB anomaly 3.7km E of Attila. A spectacularly successful 10,900m RC drilling program in 2Q10 confirmed mineralisation over an 800m strike length and 300m depth, open along strike and at depth. Intercepts include 5m @ 146g/t and 1m @ 182g/t. Recent RAB drilling indicates the mineralisation may extend up to 0.8km to the north and ~1km to the south. CB is a linear steeply dipping high grade carbonate vein system, parallel to the Attila-Alaric zone. CB is shaping up as a significant high grade mineralised zone - an inaugural resource statement (expected 1Q11 after further RC and diamond drilling completed in 4Q10) is expected to confirm an initial resource of around 150koz at grades of around 10-15g/t. Metallurgical testwork has indicated high (>96%) metallurgical recoveries from CIL, and significant potential recovery in a gravity pre-leach circuit. Near term production potential.

**Parallel Discovery Zones:** The three additional new zones discovered in the last 15 months in a 6km<sup>2</sup> area around Central Bore have really given GOR's exploration programs increased momentum. **Justinian** (200m E of CB, recently drilled - further assays awaited) is an exciting high grade discovery (7m @ 27.2g/t incl. 1m @ 102g/t) indicating broader mineralised zones than Central Bore. The **Hann anomaly** (2.4km W of CB) has now been extended to 4.3km length after recent RAB drilling - a major new target for 2011, after initial shallow (to 60m) drilling in 2Q10 showed promising shallow intercepts including 2m @ 5.1g/t. **Byzantium**, 500m E of CB, exhibits 2 anomalies ~1km long.

**Next Steps:** GOR is dramatically increasing its planned drilling from 37,000m CY10 to a planned 95,000m in CY11, (Hann 30,000m, Central Bore 23,000m, Justinian 22,000m and new targets 20,000m). Metallurgical testing is on-going. We expect an initial JORC resource for CB in 1Q10.

**Golden Sands (WA):** (1,500km<sup>2</sup>, gold) GOR holds largely unexplored exploration tenements north of the AngloGold Ashanti/Independence Group **Tropicana** gold project (6moz resource).

**Thatcher Soak (WA):** (500km<sup>2</sup>, uranium) GOR holds Eastern portion of the Thatcher Soak calcrete uranium prospect, (total 20mlb resource - Uranex NL (ASX:UNX) 14mlb and GOR 6.2mlb).

**Corporate:** After a recent placement at A\$0.34 to raise A\$9m, and A\$4.9m in options exercise to come by mid 2011, GOR will be well funded to cover the increased ~A\$9mpa CY2011 exploration budget.

**Investment Comment:** In our valuation, we have raised our resource target for Central Bore to 200,000 ounces, due to the significant recent extensions to the length of this zone. This has resulted in our medium term target range our target range rising to **A\$0.41/share to A\$0.51/share** (fully diluted). This suggests plenty of share upside with continued exploration success, despite a soaring share price that has more than tripled in the last three months.

### Reserves and Resources/Mineralised Material

Code for reporting mineral resources - Australian:		(JORC)							
Gold	Classification	Project	Ore	Au	Cut Off	Au	Au	Au	Au Equity
		Equity	Mt	g/t	g/t	t	koz	koz	koz
<b>Reserves</b>						0.0	0.0	0.0	
<b>Resources</b>									
Yamarna - Attila-Alaric	Inf., Ind. & Meas.	100%	13.1	1.78	1.00	23.3	749	749	
<b>Mineralised Material (est., non compliant with JORC)</b>						0.0	0.0	0.0	
		Project		U <sub>3</sub> O <sub>8</sub>	Cut Off	U <sub>3</sub> O <sub>8</sub>	U <sub>3</sub> O <sub>8</sub>	U <sub>3</sub> O <sub>8</sub>	U <sub>3</sub> O <sub>8</sub>
		Equity	Mt	%	ppm	kt	mlb	Eqty mlb	
Uranium Resources		100%	16.1	0.017	100	2.7	6.2	6.2	
Thatcher Soak	Inferred								

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 K Hart (Non Exec Dir)  
 M Pyle (Non Exec Dir)

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### Key Projects

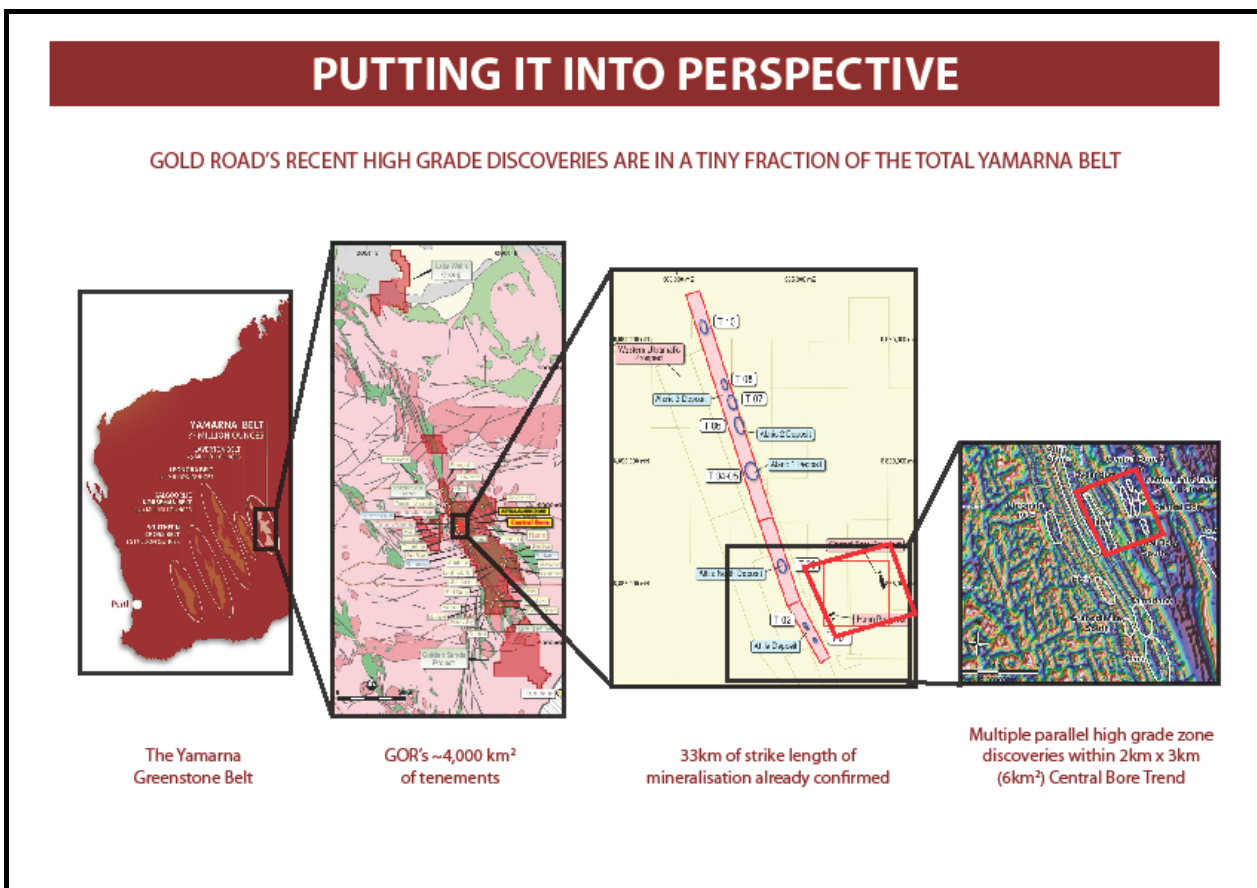
Project	Ownership/Option	Metal	JV Partner	Target Type	Process Route	Project Status	Location
Yamarna - Attila	100%	Au	none	ox/sulp	heap leach	Adv. Expl.	Aus (WA)
Yamarna - Gold regional	100%	Au	none	ox/sulp	na	Mid Expl.	Aus (WA)
Golden Sands	100%	Au,U	none	ox/sulp	na	Early Expl.	Aus (WA)
Yamarna: Thatcher Soak	100%	U	none	Calcrete	Alk. Leach	Adv. Expl.	Aus (WA)

We now believe that Central Bore is shaping up as a potential >200koz resource. The recent Justinian discovery and planned 1H11 drilling of Hann, Justinian and new targets suggest that the upper target of our A\$0.41 – A\$0.51/share valuation range could be coming into focus if the good results keep flowing.

**GOLD ROAD RESOURCES LIMITED - VALUATION**

	Equity	Target Gold Resource (moz)	Valuation Range		
			Low * A\$m	Target ** A\$m	High ^ A\$m
<b>Projects</b>					
+ Yamarna existing gold resource (current 0.75moz valued @ A\$30-A\$40/oz)	100%	0.75	22.5	30.0	30.0
+ Central Bore (target 0.2moz high grade resource valued @ A\$125-A\$175oz)	100%	0.20	25.0	35.0	35.0
+ Justinian, Hann, Byzantium - likely new parallel high grade zones	100%		<b>12.5</b>	<b>28.0</b>	<b>52.5</b>
+ Thatcher Soak uranium resource (6.2mlb @ A\$0.50/lb)	100%		3.1	3.1	3.1
+ Yamarna Regional Exploration (excellent potential for Central Bore structures)	100%		15.0	20.0	25.0
+ Other Exploration (Uranium potential, Golden Sands Au)	100%		<u>2.0</u>	<u>3.0</u>	<u>5.0</u>
Sub Total			80.1	119.1	150.6
+ Cash (est Dec '10)			5.9	5.9	5.9
- Debt (est. Dec '10)			<u>0.0</u>	<u>0.0</u>	<u>0.0</u>
Sub Total			5.9	5.9	5.9
<b>GOR NET ASSET VALUE</b>			<b>86.0</b>	<b>125.0</b>	<b>156.5</b>
<b>Capital Structure</b>					
Shares (m)			249.6	249.6	249.6
Fully Diluted Shares (m)			322.0	322.0	322.0
<b>GOR NET ASSET VALUE PER SHARE</b>	<b>:A\$/share</b>		<b>0.34</b>	<b>0.50</b>	<b>0.63</b>
<b>GOR NET ASSET VALUE DILUTED</b>	<b>:A\$/share fully diluted</b>		<b>0.29</b>	<b>0.41</b>	<b>0.51</b>
* Low valuation assumes little 2011 exploration success - new high grade parallel discovery zones valued at 50% of Central Bore valuation.					
** Target valuation assumes modest 2011 exploration success - new high grade parallel discovery zones valued at 80% of Central Bore valuation.					
^ High valuation assumes continued 2011 exploration success - multiple new high grade parallel discovery zones valued at a 50% premium to Central Bore.					

The new high grade discovery zones occur in a small 6 km<sup>2</sup> segment, out of GOR's total ~4,000 km<sup>2</sup> Yamarna greenstone belt tenements, which remain relatively unexplored due to remoteness and soil cover.



## Disclosure and Disclaimer

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