

Gold Road Resources Limited (ASX:GOR)

SPECULATIVE BUY

VALUATION: N/A

SHARE PRICE: A\$0.20

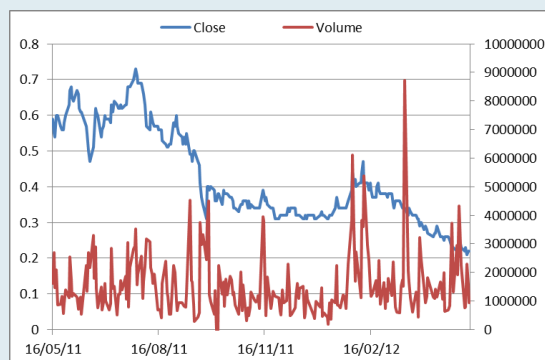
COMPANY DATA

ASX Code	GOR
Market Cap (fully diluted, A\$m)	81.9
Shares on Issue (m)	390.0
Options on Issue (m)	19.5
52 Week Hi Lo (A\$)	\$0.20-\$0.75
Cash at Bank (31 Mar 2012, A\$m)	18.5

RESOURCES

Category	Tonnes	Au Grade (g/t)	Contained Oz (Troy)
Central Bore	519,000	9.1	152,323
Attila	19,817,000	1.44	917,000
Total	20,336,000	1.69	1,069,323

SHARE PRICE PERFORMANCE



BOARD

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

MAJOR SHAREHOLDER

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

Yamarna Site Visit – Good Progress on Scoping Study

RECOMMENDATION

Exploration continues at Yamarna under enthusiastic geological leadership and good progress is being made on the scoping study. 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.

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. However, the company now needs to convert technical successes – anomalies and trends – into resource ounces to satisfy market expectations.

KEY POINTS

- Gold Road is currently spending approximately \$1.5m per month on exploration. Three drill rigs are currently operating, with two thirds of the 150,000m 2012 drilling programme directed at new gold discoveries and the remaining third on expansion and definition of the advanced projects (Central Bore and Attila).
- We were impressed with the progress on the scoping study, due for release by July/August. The immediate focus is on scoping the processing plant. Based on a blend of lower grade open pit ore and high grade underground ore, a 250,000tpa plant is expected to yield 45,000-50,000 ounces of gold per annum. Throughput rates of up to 400,000tpa are currently being assessed – the size will ultimately depend on future exploration success.
- Bench scale metallurgical test work suggests that up to 50% of the gold could be recovered through a gravity circuit, which would probably translate into a 35%-40% recovery in a full scale plant. Total gold recovery is expected to be at the mid-90% level.
- Two starter pits, with tonnages and grades of 194,000t at 2.82g/t and 883,000t at 1.93g/t have been identified. The former, at Alaric 3, is expected to have a waste:ore ratio of <3:1. Some of the recent drilling is aimed at establishing further open pit ore at grades in excess of 2g/t.
- In addition, activities associated with the scoping study, such as the Environmental base line and hydrological studies, are progressing smoothly. Seven water bores have been drilled, with very positive results. The company has applied for a mining lease on Central Bore. A mining lease on Attila has previously been granted. Native Title negotiations are continuing.
- Recent RC drilling at Alaric, on the Attila Trend, has produced several high grade intersections (3m at 14.55g/t, including 1m at 36.36g/t, 1m at 22.29g/t and 1m at 15.45g/t), while RAB drilling at Dorothy Hills and Tobin Hill continues to extend the mineralised zones to 1.5km and 1.1km respectively.

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