

Coral Gold Resources Ltd. (TSXV: CLH) – US\$1.5 Million Drilling at Robertson in Progress

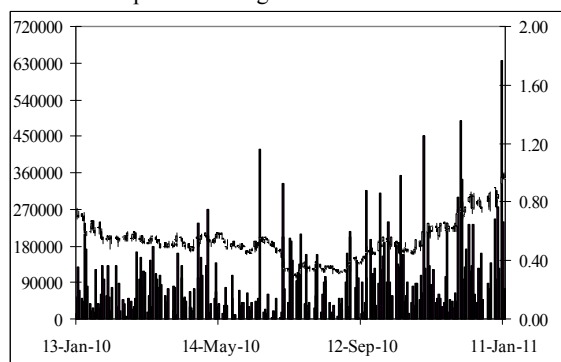
Sector/Industry: Mining/Junior Exploration

www.coralgold.com

Market Data (as of January 13, 2011)

Current Price	C\$0.98
Fair Value	C\$2.66
Rating*	BUY
Risk*	5 (Highly Spec)
52 Week Range	C\$0.28 - C\$1.00
Shares O/S	32.51 mm
Market Cap	C\$31.86 mm
Current Yield	N/A
P/E (forward)	N/A
P/B	1.65
YoY Return	38.0%
YoY TSXV	43.7%

*see back of report for rating and risk definitions



Investment Highlights

- Coral is focusing on advancing its 100% owned Robertson property, located adjacent to the Pipeline mine in Nevada, towards a PEA and production.
- A US\$1.5 million drilling program is being carried out on the property to upgrade the level of confidence in the near surface oxide mineral resources.
- Two RC holes drilled in June 2010 returned high gold values of 16.75g/t (CR10-9 at 75ft) and 14.32g/t (CR10-7 at 95ft) over 5ft intervals.
- An updated resource estimate incorporating the new 2008, and 2010, drill data is underway. A PEA can be expected by May, 2011.
- We believe the company is in a sound cash position to fund its operations and capital expenditures for the next 12 months.

Key Financial Data (FYE - January 31)			Gold Price (US\$/oz)		Fair Value
(C \$)	FY2010	2011 (9 mo)			
Cash	700,772	2,980,281	700		\$2.56
Working Capital	648,921	2,823,407	800		\$1.20
Mineral Assets	16,029,214	16,847,118	900		\$1.61
Total Assets	17,791,566	21,416,118	1,000		\$2.07
Net Income	2,177,255	-248,679	1,100		\$2.56
EPS	0.07	-0.02	1,200		\$3.06
			1,300		\$3.57
					\$4.08

Coral Gold's projects are located on the Battle Mountain-Cortez gold trend in Nevada. The company is focusing on the Robertson project adjacent to the Pipeline mine. In 2009, the company reported an updated resource estimate of 3.38 million oz of contained gold in the Robertson property. Current drilling is aimed at moving towards a PEA and upgrading inferred resources to measured/indicated categories.

**Robertson
Exploration
Progress**

Coral Gold announced a US\$1.5 million budget in February 2010, for its Robertson property, located adjacent to the Pipeline mine in Nevada. The work plan is aimed at upgrading the level of confidence in the near surface oxide mineral resources to the indicated/measured categories in the Gold Pan, Altenburg Hill and Porphyry deposits on the Robertson property, and move towards a PEA. A total of 77.53 million tonnes of Robertson's resources are located near surface (Table 1), where an open pit operation with a low stripping ratio would result in low mining costs. 57.58 million tonnes of the near surface resources in Gold Pan, Altenburg Hill and Porphyry are oxides, which can be treated using a low cost heap leach method to extract gold. Further metallurgical tests are planned to test the rock for suitability for a heap leach operation.

Table 1 Near Surface Resources at Robertson, Nevada

Zone	Tonnes of Resources	Au (g/tonne)	Oz of Au
Gold Pan oxide	11,220,178	0.70	251,332
Altenburg Hill oxide	11,494,621	0.53	195,684
Porphyry Oxide	34,865,341	0.58	652,121
Porphyry Sulfide	11,030,233	0.56	198,067
L. Triplet Gulch (South Zone)	8,922,438	0.73	208,585
Total	77,532,812	0.60	1,505,789

In 2010, the company completed 12 reverse circulation holes and 15 diamond drill holes. Highlights of the results received so far are listed in Table 2 below. The assay results are comparable to those used to construct the resource model. **We believe the new assay results should increase the level of confidence of the current resource estimate and could potentially upgrade a portion of the inferred resource to measured/indicated categories.**

Table 2 Highlights from 2010 Drilling

Hole	From (ft)	To (ft)	From(m)	To(m)	Width(m)	Au(oz/short ton)	Au(g/tonne)
CR10-2	215	245	65.5	74.7	9.1	0.0337	1.18
incl.	235	240	71.6	73.2	1.5	0.1350	4.63
CR10-3	515	535	157.0	163.1	6.1	0.0404	1.39
CR10-4	10	15	3.0	4.6	1.5	0.0417	1.43
CR10-7	80	100	24.4	30.5	6.1	0.1164	3.99
incl.	95	100	29.0	30.5	1.5	0.4180	14.30
CR10-8	60	65	18.3	19.8	1.5	0.0463	1.59
	185	210	56.4	64.0	7.6	0.0673	2.31
CR10-9	75	85	22.9	25.9	3.0	0.2575	8.82
incl.	75	80	22.9	24.4	1.5	0.4891	1.68
CC10-4	365	380	111.3	115.8	4.6	0.0440	1.51

CC10-5	45	150	13.7	45.7	32.0	0.0290	0.99
incl.	65	70	19.8	21.3	1.5	0.2230	7.64
	290	300	88.4	91.4	3.0	0.0460	1.58
CC10-7	75	155	22.9	47.2	24.4	0.04	1.37
incl.	130	150	39.6	45.7	6.1	0.109	3.74
CC10-13	0	45	0	13.7	13.7	0.044	1.51
incl.	0	15	0	4.6	4.6	0.106	3.63
CC10-15	215	220	65.5	67.1	1.5	0.182	6.24

An updated resource estimate on the Robertson project is underway. The resource estimate will incorporate recent results from 2008, and 2010, drilling for an updated resource model. The company also engaged Beacon Hill Consultants to perform a Preliminary Economic Analysis on the project based on the updated resource estimate. The PEA can be expected by May, 2011.

Norma Sass Project

Since our last report, Barrick (NYSE: ABX) terminated the option agreement on the Norma Sass project. Barrick originally had an option to acquire up to a 75% interest in the Norma Sass property.

Management/ Director Changes

In January 2010, Mr. Ronald Andrews joined the Board of Directors. A brief biography of Mr. Andrews, as provided by the company, follows.

Mr. Andrews is the owner and operator of Andrews Orchards and sells and distributes agricultural chemicals and fertilizers. Mr. Andrews is on the boards of Bonner Mall, Berkley Resources and North Coast Life Insurance Co. He serves as the chairman of the audit committee on both North Coast Life and Berkley. He has served as labor foreman for Kennecott Mining Company, a division of Rio Tinto in the Arctic Circle. Mr. Andrews has a Bachelor of Science degree from Washington State University and a Masters in Political Science. He served as a helicopter pilot and is retired from the United States Army Reserves.

Financials

At the end of October 2010 (Q3-2010), the company had \$2.98 million in cash, and \$2.82 million in working capital. During the nine month period ended October 2010, we estimate the company had a burn rate of \$0.14 million per month versus \$0.08 million per month in FY2010 (12 month period). The table below shows the company's cash position and liquidity ratios.

(in C\$)	FY2010	2011 (6 mo)
Working Capital	648,921	2,823,407
Current Ratio	8.33	12.77
LT Debt / Assets	-	-
Cash from financing activities	293,160	3,557,207
Burn Rate (per month)	-77,633	-141,942

We believe the company is in a sound cash position to fund its operations and capital expenditures for the next 12 months.

Stock Options and Warrants: We estimate the company has 2.63 million options (weighted average exercise price of \$0.86) and 7.43 million warrants (weighted average exercise price of \$0.75) outstanding. About 1.35 million options and all the warrants are currently in the money. The company can raise up to \$6.38 million if all the in the money options and warrants are exercised.

Valuation

Our revised valuation on the company is \$77.39 million, up from our previous estimate of \$67.14 million. The valuation increased as we raised our long-term (2014+) gold price forecast (*from US\$750/oz to US\$1,000/oz since our last report on the company in November 2009*), offset by an increase in our operating cost estimate (*weighted average operating cost increased from \$6/t to \$8.5/t*).

Our revised value per share estimate is \$2.56 versus our previous estimate of \$2.66 per share. Our value per share estimate dropped (despite the increase in our fair value estimate from \$67.14 million to \$77.39 million) due to a 39% increase in our estimate of the number of diluted shares. The following table shows a summary of our valuation.

Valuation	Fair Value
Robertson Property	
DCF	\$2.30
Real Options	\$2.00
Comparables	\$3.16
Average	\$2.49
Working Capital + Investments - LT Debt	\$0.07
Net Fair Value	\$2.56

The following table shows the sensitivity of our valuation to changes in our long-term gold prices.

Gold Price (US\$/oz)	Fair Value
	\$2.56
700	\$1.20
800	\$1.61
900	\$2.07
1,000	\$2.56
1,100	\$3.06
1,200	\$3.57
1,300	\$4.08

Rating

We have maintained our BUY rating and fair value estimate on CLH at \$2.66 per share.

Risks

The following risks, though not exhaustive, may cause our estimates to differ from actual results:

- The value of the company is dependent on commodity prices.
- The company does not currently have any operating mines.
- The success of drilling, project development, and resource expansion are important long-term success factors for these early projects.
- Metallurgical testing is important for the Robertson project due to the varying mineralization.

Fundamental Research Corp. Equity Rating Scale:

Buy – Annual expected rate of return exceeds 12% or the expected return is commensurate with risk

Hold – Annual expected rate of return is between 5% and 12%

Sell – Annual expected rate of return is below 5% or the expected return is not commensurate with risk

Suspended or Rating N/A— Coverage and ratings suspended until more information can be obtained from the company regarding recent events.

Fundamental Research Corp. Risk Rating Scale:

1 (Low Risk) - The company operates in an industry where it has a strong position (for example a monopoly, high market share etc.) or operates in a regulated industry. The future outlook is stable or positive for the industry. The company generates positive free cash flow and has a history of profitability. The capital structure is conservative with little or no debt.

2 (Below Average Risk) - The company operates in an industry where the fundamentals and outlook are positive. The industry and company are relatively less sensitive to systematic risk than companies with a Risk Rating of 3. The company has a history of profitability and has demonstrated its ability to generate positive free cash flows (though current free cash flow may be negative due to capital investment). The company's capital structure is conservative with little to modest use of debt.

3 (Average Risk) - The company operates in an industry that has average sensitivity to systematic risk. The industry may be cyclical. Profits and cash flow are sensitive to economic factors although the company has demonstrated its ability to generate positive earnings and cash flow. Debt use is in line with industry averages, and coverage ratios are sufficient.

4 (Speculative) - The company has little or no history of generating earnings or cash flow. Debt use is higher. These companies may be in start-up mode or in a turnaround situation. These companies should be considered speculative.

5 (Highly Speculative) - The company has no history of generating earnings or cash flow. They may operate in a new industry with new, and unproven products. Products may be at the development stage, testing, or seeking regulatory approval. These companies may run into liquidity issues, and may rely on external funding. These stocks are considered highly speculative.

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